

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

France tries to close gap on scientific research, Page 24

World news

Business summary

Glomp leaves for talks with Pope

Polish Primate Cardinal Józef Glemp left for consultations with the Pope as church-state relations in Warsaw continued to deteriorate.

Almost daily attacks in the Polish media on "political activities" of the church have prompted the authorities to force Cardinal Glemp to restrain his Solidarity-style priests and to stop church appearances by opposition members.

The Primate has defended the Pope against recent criticism by the Polish authorities, and the Rome talks might serve to defuse church policy on how to face government demands, Page 3

Weizman to Cairo

Israeli Minister without portfolio Ezer Weizman flew to Cairo saying a summit between Israeli Premier Shimon Peres and Egypt's President Hosni Mubarak was imminent. Mr Weizman's mission had earlier been endorsed by the Cabinet by only one vote, Page 4

Vigil for Neves

Tension mounted in Brazil as the nation waited for news of Sr Tancredo Neves, the dying President-elect, after the release of regular medical bulletins was stopped, Page 6

Mid-East talks

U.S. Assistant Secretary of State Richard Murphy had "wide-ranging and constructive" talks with Israeli Prime Minister Shimon Peres and Foreign Minister Yitzhak Shamir on a possible American role in Mid-East peace negotiations, Page 3

Mitterrand pressed

Pressure on French President François Mitterrand to resign if the opposition gains a majority in the parliamentary elections next year has been intensified by Mr Raymond Barre, former prime minister, Page 3

Reagan visit talks

Bonn and Washington are discussing changes in President Reagan's state visit next month, to meet U.S. complaints that his itinerary does not include a trip to a site connected with Jewish victims of the Nazi regime, Page 3

Nato support

Nato Secretary-General Lord Carrington reaffirmed his support for U.S. research into a space-based anti-missile system, saying its development need not lead inevitably to deployment, Page 3

Abe pledge to U.S.

Japanese Foreign Minister Shintaro Abe promised to study U.S. criticism that insufficient domestic investment was a cause of the country's huge trade surplus with the rest of the world, Page 3

Runcie strike row

Jr Robert Runcie, Primate of the Church of England, stepped into a conflict between the Australian Government and the Queensland Premier, Sir John Bjelke-Petersen, over the northern state's new anti-trike legislation when he spoke out in favour of the democratic right to strike, Page 3

Diplomat accused

Senior West German diplomat ordered to leave Iraq last week has been accused of contacting opponents of President Saddam Hussein, according to Bonn sources, Page 3

Left ahead in Peru

Peru's next president is expected to be Sr Alan García, 38, whose centre-left Apra Party has won 48 per cent of the general election votes, according to forecasts. However, he may face a second round of voting June, Page 6

Asda to take over MFI for £615m

ASDA, British stores group, is to create one of UK's largest retail combinations with an agreed £615m (£704m) takeover for discount furniture retailer MFI, Page 26; Feature, Page 25

DOLLAR was weaker in nervous London trading, closing at DM 3.025 (DM 3.051), FFf 9.23 (FFf 9.315), Sfr 2.555 (Sfr 2.565) and Y249.9 (Y250.85). On Bank of England figures, the dollar's index fell to 144.0 from 145.8, Page 47

STERLING was firmer in London, gaining 1.8 cents against the dollar to close at \$1.275. It also improved to DM 3.8575 (DM 3.845), FFf 11.78 (FFf 11.705) and Y319.0 (Y315.5) but declined against the strong Swiss franc to Sfr 2.57 (Sfr 2.535). The pound's exchange rate index rose 0.9 to close at 79.3, Page 47

LONDON prices were firmer and gilts were in demand. The FT Ordinary index rose 9.2 to 977.0. Section III

TOKYO stocks were lower because of a lack of incentives. The Nikkei-Dow market average shed 35.28 to 12,552.73, Section III

WALL STREET: At 1pm the Dow Jones industrial average was up 2.54 at 1,268.22, Section III

GOLD rose \$4 on the London bullion market to \$333.00. It was also higher in Zurich at \$330.75, Page 46

NIGERIA will trade crude oil for raw materials if necessary to save foreign exchange, National Planning Minister Michael Adigun said, Page 2

RIO TINTO-ZINC subsidiary CRA and Hancock Prospecting are to develop an \$350m (\$235m) iron mine in Western Australia producing 10m tonnes a year, using mainly Romanian equipment, Page 33

DANISH incomes policy will increase economic growth and employment and curb inflation and public borrowing for two years, economists say, Page 2

INDIAN Prime Minister Rajiv Gandhi invited foreign investment in energy, transport, communications, agriculture and education when he spoke to international businessmen, Page 4

SOVIET LEADER Mikhail Gorbachev criticised state industries for producing obsolete equipment and consumer goods nobody wanted, Page 2

CHICAGO: of New York and NAW Computers, the UK's largest stock processing bureau, are to set up a new company to provide dealing and banking services for stockbrokers in the deregulated UK securities market, Page 6

WHEELING-PITTSBURGH, seventh largest steelmaker in the U.S., is edging towards filing for protection under Chapter 11 of the bankruptcy code, according to union officials who have been lobbying for fresh funds for the company, Page 26

CHASE MANHATTAN, the third largest U.S. banking group, boosted first-quarter profits 23 per cent to \$133.9m against \$102.5m previously, Page 27

CONTINENTAL ILLINOIS, the U.S. bank rescued last year after a liquidity crisis, reported net earnings of \$39.2m in the first quarter of 1985, up from \$38.5m in the final quarter of 1984, Page 27

INSURANCE BROKERS Alexander & Alexander of the U.S. and Reed Stenhouse of Canada, who agreed to merge last December, revised the terms of the deal to take account of improved prospects at Alexander, Page 27

PACIFIC BELL launched a \$100m Eurobond issue as the first U.S. telephone company created by the breakup of American Telephone and Telegraph, Page 48

UNOCAL, West Coast U.S. oil company, rejected Mr T. Boone Pickens's \$3.4bn tender offer for majority control as "grossly inadequate", Page 27

Mitsubishi and Chrysler plan small car in U.S.

BY TERRY DODSWORTH IN NEW YORK AND JUREK MARTIN IN TOKYO

CHRYSLER of the U.S. and Mitsubishi Motors, its Japanese affiliate, yesterday announced an agreement for co-production of small cars at a new plant in the American Midwest starting in 1988.

Mr Lee Iacocca, Chrysler's chairman, is in Tokyo and the announcement comes just 72 hours after Chrysler, in effect, dropped its legal objections to the projected collaboration in the U.S. between Toyota and General Motors.

Chrysler said yesterday that the proposed \$500m plant would have a capacity of 180,000 cars a year and employ around 2,500 workers, creating an additional 8,800 U.S. jobs in supplier organisations.

There were no indications yesterday that the U.S. company had made a prior agreement with the United Auto Workers' union on staffing for the plant. But Chrysler said the location would be somewhere in the mid-western states of Ohio, Illinois, Kentucky or Michigan — all states in which the UAW is either well organised or has a substantial presence.

The structure of the joint agreement has several similarities with the GM-Toyota deal.

Under the joint manufacturing

contract, the new plant will be run and headed by Mitsubishi executives, while making a Mitsubishi-engineered car. Chrysler's main participation on the production side will be on a policy-making committee.

The launch of the new car, which is expected to replace the sub-compact Omni-Horizon model in the Chrysler range, is scheduled for 1988. No details of the planned vehicle were given, but it is expected to have a 1.8-litre engine, and will be sold both through the Chrysler dealer network — whose 1,800 dealers sell Mitsubishi's Japanese-made models — and Mitsubishi's own network of 84 dealers.

Chrysler added that it was still continuing with its "Liberty" car project, a crash programme to develop a competitive small car that would be launched in the same segment of the market, although probably slightly later.

The agreement underlines Chrysler's policy of speeding up its engineering and vehicle development schedules through links with foreign manufacturers. In Europe it has recently signed contracts with Lotus in the UK and the De Tomaso subsidiary of Maserati in Italy.

Mitsubishi Motors (MMC), one of the smaller Japanese concerns in the industry, becomes the fifth Japanese car company to enter into production in the U.S., after Honda, Nissan, Toyota and Mazda.

Chrysler's connections with MMC go back to 1971, when MMC was set up in collaboration with the Mitsubishi Heavy Industries group as part of the new joint venture. The capital structure of MMC is to be reorganised, with Chrysler increasing its stake in two steps, moving up from its present 15 per cent to 20 per cent immediately, and going up to 24 per cent next year.

The additional Chrysler shares will be acquired from Mitsubishi Heavy Industries for an undisclosed sum. The Japanese company said that it is also intending to sell shares to "other" organisations, with the intention of reducing its own participation in preparation for the flotation of MMC on the Tokyo Stock Exchange. Chrysler and the Mitsubishi parent company, however, will continue to be the principal shareholders.

Chrysler and MMC have been talking about a collaborative venture in the U.S. for at least two years.

Glaxo earnings soar on success of ulcer drug

BY TONY JACKSON, CHEMICALS CORRESPONDENT, IN LONDON

GLAXO, the British pharmaceutical group, said yesterday that profits in the six months to December had surged by 66 per cent because of the success in the U.S. of Zantac, its anti-ulcer drug. Earnings soared to £194.6m (£244m) against £117.4m the year before.

The result, much better than expectations, brought a sharp rise in the share price, which closed in London 85p up at 118p.

Zantac was introduced to the U.S. market in mid-1983, and has made remarkable sales since then. Within a year, sales reached \$134m, taking a market share of 33 per cent. By last December the figure had risen to 38 per cent, and according to the company is now over the 40 per cent mark.

The drug, whose only competitor is the older-established SmithKline product Tagamet, has scored fur-

ther successes in other world markets. Analysts in London said that in the past 12 months market share in the UK had risen by some 7 per cent to 45 per cent, and in Germany by 6 per cent to 48 per cent. In France, where the product was introduced only five months ago, market share is already estimated at 20 per cent.

Last November also saw the launch of Zantac in Japan. Analysts speculated that the Japanese market might prove more difficult to penetrate, particularly since a third entrant to the anti-ulcer market after Tagamet and Zantac is due to be launched by the Japanese drug company Yamanouchi within the next two months.

Glaxo said that the U.S., which is now the group's biggest sales area, produced the fastest rate of sales

growth in the past six months, with the next highest growth coming from Italy. In 1984 Glaxo ranked 20th in U.S. prescription sales of drugs, up from 38th the year before. Other important drugs in the U.S. besides Zantac include Ventolin, the anti-asthma drug, which Glaxo claims has a 31 per cent share of a market worth \$61m.

The group said that movements in currencies had added £12m to profits over the six months. A further £9.5m came from higher investment income, due chiefly to increased cash flow.

Sir Austin Bide, Glaxo chairman, will retire in December to make way for the present chief executive Mr Paul Girolami. The new chief executive will be Mr Bernard Taylor, currently head of Glaxo's UK operations.

Lex, Page 26

South Africa troops 'to pull out of Angola by end of this week'

BY ANTHONY ROBINSON IN JOHANNESBURG

THE LONG-DELAYED withdrawal of South Africa's remaining forces in Angola will take place by the end of this week, Mr P. W. Botha, the South African Foreign Minister, announced in Cape Town yesterday.

The troops are the last to pull out of the forces that mounted a five-week campaign at the end of 1983 in southern Angola against guerrillas from the South West African People's Organisation (SWAPO), which is fighting South Africa for control of Namibia (formerly South West Africa).

The original withdrawal programme began in February and was supposed to be completed within six weeks under the Lusaka agreement between Angola and South Africa. But it soon became bogged down in wider negotiations involving the U.S. as well as Angola over the possible withdrawal of Cuban forces from Angola. Another delaying factor was increased military activity in the region by SWAPO and the Unita movement, which is engaged in a civil war against the Angolan Government.

Yesterday's announcement ap-

pears to be the fruit of complex negotiations involving the U.S., South Africa, Angola and Cuba aimed at securing a phased withdrawal of Cuban troops from Angola linked to progress towards the independence of Namibia under the terms of UN Resolution 435.

That calls for South African withdrawal from the territory it has ruled illegally since 1966 and elections to a constituent assembly under UN auspices.

While South Africa has formally accepted Resolution 435, like the U.S. it has made implementation

conditional on a withdrawal of Cuban troops under terms hitherto unacceptable to Angola, which fears that precipitate Cuban withdrawal would increase the pressure from Unita, supported by South Africa.

Mr Chester Crocker, U.S. Assistant Secretary of State for African Affairs, recently presented South Africa with a new timetable worked out with Angola, which is believed to have narrowed the gap between earlier South African and Angolan positions. Angola agreed to reduce Cuban forces from the present 25,000 to 10,000 in stages, while Pretoria demanded complete withdrawal, synchronised with the withdrawal of its own forces from Angola and Namibia.

The continuing presence of South African troops in Angola south of Ngiva, some 25 miles from the Angolan-Namibian border, has made it more difficult for SWAPO to mount and supply its annual wet-season offensive in the Ovamboland war. South African forces last week claimed that 238 SWAPO guerrillas had been killed by security forces this year.

Sudanese close to agreement on new Cabinet

By Michael Holman and John Murray Brown in Khartoum

SUDAN'S new military Government and representatives of political parties and trade unions were last night reported to be close to agreement on the appointment of a prime minister and a 15-man Cabinet.

Unconfirmed reports suggested that the two front runners for the post of prime minister were Mr Mirghani el Nasri, a leading lawyer, and Dr Al Jazuli, a prominent member of the country's medical union.

Earlier yesterday, Sudan's new military leader General Abdul Rahman el Dabab, made an important conciliatory gesture to the country's troubled southern province, offering rebel leader Col John Garang a place in the new Cabinet.

Col Garang, leader of the Sudan Peoples Liberation Army, has been waging an increasingly successful guerrilla campaign in the south, a factor that played a considerable part in former President Jaafar Nimeiri's overthrow this month.

The campaign forced the country's oil exploration programme to a halt and was an increasingly expensive drain on the economy.

There was no immediate response last night from Col Garang, who in a broadcast last week was highly critical of the new regime.

The general also indicated a slight shift in Sudan's pro-Western policy under Mr Nimeiri, speaking of his hope for better relations with Ethiopia, Libya and the Soviet Union.

It was agreed last Thursday that a mixed military and civilian Cabinet, ultimately responsible to Gen Rahman el Dabab, would run the country during a 12-month transition to civilian rule.

The shape that civilian rule eventually takes will depend on the constitution that will be drawn up over this period. An early indication of its possible structure was given in an interview this week by the country's Prime Minister in the 1980s, Mr Sadiq el Mahdi, who was detained until last year.

Mr Sadiq's Umma party has been one of the main political forces over the past 25 years and will be a leading participant in the proposed elections.

He envisages an executive president and a legislative assembly elected not entirely on one man, one vote. There should be blocks of seats reserved for special interest groups — professionals, trade unions, women and so on, and the army will have to be accommodated. There is no way in our present

Continued on Page 26

Pound strong as economy fears hit \$

BY PHILIP STEPHENS IN LONDON AND PAUL TAYLOR IN NEW YORK

STERLING rose to its highest level since last June yesterday as concern over the pace of the U.S. economy and renewed worries over the health of the U.S. financial system brought further heavy losses for the dollar.

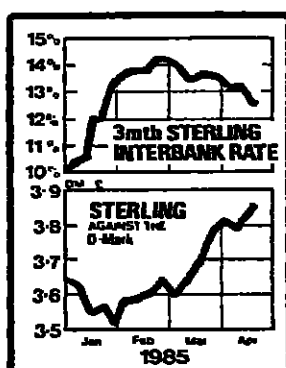
It closed in London at \$1.2750, up 1.8 cents on the day, and the sterling index, which measures its value against a basket of important currencies, rose by 0.9 points to 79.3.

The dollar continued to come under selling pressure in early New York trading. By lunchtime, sterling had advanced to \$1.2765 after being quoted at \$1.26, while the dollar had fallen to DM 3.02, FFf 9.92 and Y249.85.

The pound's gains reinforced hopes in London of a small cut in base lending rates, although the Bank of England made clear in its money-market dealings that it was still cautious about a fall in rates.

In London, sterling's advance was strongest against the dollar, which weakened sharply against all main currencies, but it also rose against other European currencies because of the attraction of high UK interest rates.

The dollar fell to its lowest level



since November amid what dealers said was generally bearish sentiment about the strength of the U.S. economy.

It closed in London at DM 3.0250, down 2.6 pence on the day and near to what dealers regard as an important psychological point of DM 3.00. The value of the U.S. currency is now 12 per cent below its highs of early last month.

Dealers said that revised figures for U.S. output, due today and later Continued on Page 26 Currencies, Page 47

'High-risk' U.S. banks may face new curbs

BY PAUL TAYLOR IN NEW YORK

A SENIOR U.S. bank regulator yesterday proposed that additional restrictions be imposed on "high-risk" banks. Under the plan, commercial banks with low levels of liquidity or whose business activities placed them in a higher risk category would be required to maintain larger capital reserves.

The proposal came as recently approved and tougher minimum primary capital levels were formally imposed on all U.S. banks, and amid renewed concern about the health of some U.S. financial institutions in the wake of the collapse of two government securities dealers.

Mr Joseph Selby, senior deputy Comptroller of the Currency for bank supervision, said his office was considering changing capital standard rules to take into account the total risk faced by individual commercial banks.

Under the scheme, the Comptroller's office would impose higher capital requirements on those insti-

tutions which have low levels of liquid assets such as cash or Treasury bills, or significant off-balance-sheet activities such as standby letters of credit which do not show up as liabilities on a bank balance sheet and so are not reflected in existing minimum bank primary capital ratios.

Mr Selby said those banks with strong liquidity positions and high-quality liquid assets — such as Treasury securities — would be allowed lower capital ratios.

The Comptroller's office is the second important U.S. bank regulatory agency to propose further revisions in the rules covering U.S. bank capital levels. Last month, the U.S. Federal Reserve Board proposed a formal scheme of rankings for U.S. commercial banks on the basis of how "strong" they appeared. That would be based on the

Continued on Page 26 Chase Manhattan profits rise, Page 27

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EUROPEAN NEWS

Gorbachev lands heavy blow on Soviet industry

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the new Soviet leader, has attacked many industries for "turning out obsolete machinery and equipment and consumer goods for which there is no demand." His remarks are the most radical criticism of Soviet industry in 20 years.

Rates of growth in the current five-year plan were too low, he said. "You can't ignore the effects of the harsh winter, of course, but let's be frank and admit that our unsatisfactory performance in the first quarter of the year was largely the result of bad organisation, complacency and even irresponsibility."

Not only was the Soviet Union's social and economic progress dependent on an improved rate of growth, but so was its "defence capability."

Mr Gorbachev said that two routes were being pursued to strengthen the economy. Overall planning was being centralised while "it is necessary consistently to introduce genuine financial autonomy, expanding the rights of enterprises, collectives and state farms."

Individual plants and workers needed to know that there is a direct connection between their performance and their financial rewards.

The Soviet Press has been filled with accounts of dismissals for incompetence or corruption in recent months, but it is still unclear how far Mr Gorbachev will be able to translate his rhetoric into an improved economic performance.

Mr Victor Afanasyev, the editor of Pravda, said recently: "People can talk and do nothing, but you just try to sack them from their jobs."

The meeting of industrial and agricultural managers which Mr Gorbachev addressed gives some indication of the shape of the next five-year plan for 1986-90. Speakers said the bulk of capital investment must go on the re-equipment and reconstruction of existing plant, rather than on new projects.

This will be difficult. Some 55 per cent of investment over the next five years will be absorbed by agriculture and energy.

Union will spend £13m in assault on Danish coalition

DENMARK'S Special Workers Union (SWU), the country's largest union of unskilled workers, plans to spend DKK 180m (£13m) in a propaganda campaign designed to bring down the non-Socialist coalition Government, writes Hilary Barnes in Copenhagen.

policy imposed earlier this month.

Mr Poul Schlüter, the Prime Minister, who leads the Conservative Party, referred to the union's plan as an attempt "to buy the people by the raw power of capital" and forecast that it would fail.

The sum is unprecedented by the standards of Danish politics. The largest political party, the Social Democrats, spends less than a tenth of this amount in a normal general election campaign and other parties spend less than DKK 5m.

The SWU's plan caused Mr Schlüter and other non-Socialist politicians to call for an end to the tax deductibility

of trade union dues. Ms Lone Dybkjær, a leading member of the Radical Party, which supports the Government, said it was more than ever necessary to ban union contributions to political parties.

Trade unionists cannot withhold union dues which are used for party political purposes. This has been a sen-

sitive issue in Danish politics for years. Last year, several serious unofficial strikes were caused when union members left the SWU because they refused to pay money to the union for party purposes. The individuals concerned were blackballed by the union movement and have been unable to find jobs since.

Incomes policy boost for economy forecast

BY HILARY BARNES IN COPENHAGEN

DENMARK CAN look forward to a substantial increase in employment, an average GDP growth rate of 3.4 per cent a year, falling inflation and lower current account and public sector financial deficits following the statutory incomes policy imposed by the Government for the next two years, according to both government and independent economists.

The measures will enable the Government to consolidate and improve the recovery which began in 1982 when it abolished price-wage indexation and stopped the growth in real terms of public sector expenditure.

The incomes policy, imposed with effect from March 1 allows for a 2 per cent wage increase this year and 1.5 per cent next. Employers' social security contributions will be reduced by 1.5 per cent of the wage bill from

October, the working week will shorten by one hour to 38 hours from December 1, 1986 and corporate income tax goes up from 40 per cent to 50 per cent.

These measures will lead to a sustained export and investment-led recovery, according to the Government's own projections, which despite some minor differences, are confirmed by forecasts made by the three chairmen of the Economic Advisory Council.

The Council was formed more than 20 years ago to inform business and the labour market about economic developments, and, although financed by the Government, is independent of its influence. Mr Poul Schlüter, the Prime Minister, described the Council's conclusions as "very encouraging."

The real GDP growth rate last year was about 4.5 per cent

(to which a record harvest contributed significantly). This year it is expected to slip to 3 per cent and about 3.5 per cent in 1986. In a longer term projection, the Government predicts an average annual growth rate in 1986-89 of 3.8 per cent.

No growth is expected in public sector consumption or investment over the next two years, but private consumption should increase by about 1.5 per cent this year and 2 per cent next year.

New fixed business investment is forecast to rise in real terms by 15 per cent this year, after increasing by 12 per cent in 1984, and by about 8 per cent in 1986. Export volume should rise by 7.5 per cent this year (in part reflecting last year's good harvest) and just over 5 per cent next. Imports are thought likely to grow about

5 per cent this year and 4 per cent in 1986.

The impact of the incomes policy on Denmark's chronic current account balance of payments deficit will take time to emerge. Both the Government and the Advisory Council expect this year's to be about DKK 17bn (£1.25bn), unchanged from 1984 when it was equal to debt at the end of last year had 3 per cent of GDP. Net foreign risen to almost Latin American proportions at DKK 21.5bn (£1.6bn), or 38 per cent of GDP.

The forecasts expect the deficit to first come down when 1986. A fall to about the investment boom tails off in DKK 10-11bn is thought likely, with a further reduction in 1987.

The Government's declared aim is to achieve equilibrium on the current account by 1988 which would be the first time for 25 years.

The year-on-year average increase in consumer prices is expected to decline from 6.5 per cent last year to 4.5 per cent this and to only 1.5 per cent in 1986, according to the Government. The Council is a little less sanguine, expecting inflation to fall more slowly to 2.5 per cent in 1987.

Both Government and Council agree that employment will rise substantially. The Government estimates an increase of 55,000 to 2.52m between 1984 and 1989. The Council an increase of 95,000 between 1984 and 1987, which would take the rise in jobs since 1982 to 150,000, virtually none of them in the public sector.

The total public sector deficit on current, investment and lending accounts, which at DKK 24bn last year was some 4 per cent of GDP, is forecast to decline to DKK 11.5bn next year.

Dutch union steps up campaign for hours cut

By Our Amsterdam Correspondent

THE Dutch metalworkers' union yesterday began a 24-hour strike at the Utrecht-based metal processing plant of Panevis BV, following disruptive action last week by 2,000 Dutch metalworkers, at ten companies.

The FNV union is demanding shorter working hours, 100 per cent compensation by employers for next month's reduction in government subsidised sickness benefits, and raised allowances to take account of inflation.

The union's principal demand is for a shortening of the 38-hour working week to 36 hours next year, which it hopes will create more jobs.

It aims to achieve a 32-hour week by 1990, encouraged by government claims that, through shortened hours, the civil service has created three times as many jobs as the private sector over the past two years.

The Government created more than 11,000 jobs last year for public sector employees through reduced working time. Prime Minister Ruud Lubbers, meanwhile, says the shorter hours should lead to increased production if accompanied by the flexible restructuring of working time and, if necessary, by extending the total operating hours of factories.

The management of most small and medium sized companies in the metal industry, however, reject the FNV proposals on the grounds that there are insufficient trained workers in the metal sector to fill jobs.

Other concerns is that the implementation of a 36-hour week, ahead of other countries, would give advantage to foreign competitors.

The fourth round of talks began yesterday between the unions and Akzo, the Arnhem-based chemicals group, over a 36-hour week. Akzo last year began a 38-hour week for its 22,000 employees by maintaining an eight-hour day with 13 days free a year.

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Swedish television forced to counter the cable invasion

One of Europe's last bastions against TV advertising is crumbling, writes David Brown

THE FOUNDERS of Swedish TV had a vision for its future. Above all, it would be untainted by commercialism. The programming would be edifying, educational and entertaining, in that order.

The system worked well enough for several decades, that is until satellite and cable transmissions expanded across national boundaries.

Now, one of Europe's last bastions against TV advertising is threatening to crumble, and the programming gurus in Stockholm are being forced to lay much more emphasis on the "entertainment" end of their equation to keep their ratings up.

"The swift developments of TV satellites and cable may compel us to change our position on the question of advertising," said Mr Ingvar Carlsson, Deputy Prime Minister who is also so-called

"Minister of the Future."

This would mark a major ideological departure for Sweden's Social Democratic administration. As recently as last autumn, its party congress again went on record against commercial broadcasting. But the Government will have to respond to changes already under way if it wants to prevent a continued erosion of viewers.

One recently-released study on Gothenburg shows that viewing of Swedish TV has plunged by nearly 50 per cent among the young and well-educated (hence, multilingual) since the introduction of international satellite TV.

Cable penetration, although small in comparison with such more densely populated countries as Belgium (54 per cent) and Switzerland (47 per cent),

is behind this re-evaluation. At present, some 75,000 (5 per cent) of Swedish households, mainly of apartment dwellers in the big cities, are connected to such networks.

But the Televerket (the public telecommunications agency which controls two thirds or more of the country's cable installations) expects to lay 250,000 more lines this year, and several million by the end of the decade. While the actual expansion of Sweden's cable system depends on several political decisions, its existence has forced the pace of the debate.

In virtually a single year, Sky Channel and Music Box of the UK and TV5 of France have given Swedish viewers their first taste of commercial programming.

Moreover, Esselte/Video Net is expected to come on line soon with subtitled broadcasts which will further expand the potential market, especially among older and less-educated viewers who have a limited knowledge of foreign languages.

That the audience likes what it sees is evident from the concern among national network executives. To meet the challenge, they have proposed a third channel financed by subscription rather than by advertising to supplement the two existing "public service" stations.

The public stations will clearly need a major source of new revenue—in addition to their licence fees—to draw the audiences back with the more expensive programming offered

by the commercial competition.

"We stand the risk of being overrun by the international companies if we don't start our own pay TV tests quickly," warns Mr Kjell Kullberg of Swedish Television.

Should the Government approve a third subscription-financed television channel, this might solve one financing problem. But it will not make the politically difficult advertising issue go away as long as foreign-produced commercial television, with advertising, floods in through the cable networks.

In legislation to be introduced shortly to regulate cable expansion, the Government is expected to prohibit advertising produced specially for the Swedish market. But that which appears in the course of normal

international programming would be tolerated.

Mr Lars Nafseth, the Industry Association president condemns the legislation for putting Swedish-produced goods at a disadvantage in their own market. "Our companies should be allowed to compete on the same terms as those from abroad," he says.

"It is ridiculous to allow Ford to advertise its cars on cable, but not Volvo," says another.

Moreover, the non-Socialist opposition parties have become increasingly strident in their calls for deregulation and, as this autumn's hotly-contested general election nears, there is evidence their position has broad popular support.

Ingvar Carlsson—
"Minister of the Future"

In response, the Government has promised to appoint a commissioner to look into the potential impact of not allowing TV advertising. That report is due after the election is not considered a coincidence.

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EUROPEAN NEWS

Alia pledge to follow Hoxha path

By Leslie Collett in Berlin

ALBANIA'S NEW leader, Mr Ramiz Alia, yesterday swore an oath to his deceased predecessor, Enver Hoxha, that the Communist Party and people will "always preserve and keep Albania as it is." His pledge was made at the funeral of Mr Hoxha who died last week at 76.

The funeral ceremony, held in Tirana's Skanderbeg Square, was barred to foreign diplomats in keeping with the ultra-nationalism which marked Mr Hoxha's 40 years of rule.

Mr Alia (59), who weathered Mr Hoxha's purges of suspected rivals, promised in his oration that Albania would be "always strong and always red, as you wanted it." He was previously responsible for maintaining the ideological purity of Mr Hoxha's brand of Stalinist Socialism.

Alluding to Albania's repudiation of its past alliances with the Soviet Union and Peking, Mr Alia said his predecessor knew how to steer the "small but strong Albanian boat to safe shores." Under Mr Hoxha's rule the people had smashed with an "iron fist" attempts by "reaction and foreign agents" to undermine and overthrow him.

The most recent attempt was in 1981 when Mr Mehmet Shehu, the Prime Minister, failed in a plot to seize power and was said to have committed suicide. Mr Hoxha later denounced him as a Soviet, Yugoslav and Western agent.

Mr Alia promised to continue the late ruler's economic policy, noting that the "brilliant results" achieved in all sectors had fully proved their correctness.

Reuter correspondent Richard Balmforth, who watched the three-hour military-style funeral on Albanian television from Yugoslavia, said Mr Hoxha's wife sobbed as his coffin was lowered into the hillside grave in heavy rain. Mr Alia also appeared to be weeping.

Groups of mourners seemed close to hysteria and an eerie wailing broke out from the crowds as the coffin passed.

In a startling incident in a state officially declared atheist, an old woman came forward and made the sign of the cross before kissing Mr Hoxha's coffin.

Glemp flies to Rome as state relations worsen

By CHRISTOPHER BOBINSKI in WARSAW

THE POLISH primate, Cardinal Józef Glemp, yesterday flew to Rome for consultations with the Pope against a background of deteriorating relations between church and state. The visit follows almost daily attacks in the Polish media against what it describes as the political activities of some of the clergy. Most recently the attacks have criticised the Pope himself.

The authorities evidently want the primate to clamp down on priests who support Solidarity, the banned trade union, and to stop opposition leaders from making public appearances in churches. Speaking in Warsaw before he left Cardinal Glemp made it clear that any hope of driving a wedge between the church and the Pope was groundless, but the talks in Rome could well serve to define church policy on how to face government demands to tone down outspoken priests.

The issue has come to prominence since the Easter attack on Tadeusz Zaleski, a young priest in Krakow who was burnt on the chest and hands by an "unknown assailant." The swift protest by Cardinal Franciszek Macharski left no doubt that the church hierarchy were treating it as official intimidation. An official communiqué has suggested that

the priest had burnt himself during an epileptic fit.

The Church is taking developments all the more seriously after Iwona, the Soviet newspaper, declared on April 7 that "Polish society was becoming increasingly disturbed at the growing influence of the militant and ambitious sections of the clergy."

Delegates representing Poland's small Democratic Party surprisingly voted at the weekend to replace their chairman Mr Edward Kowalczyk, who is also a Deputy Prime Minister. The move, unprecedented in post-war Poland, will alert Gen Wojciech Jaruzelski, the Communist party leader, to ensure that delegates to his party congress due next year do not follow suit.

In theory, the 100,000 members of the Democratic Party are supposed to defend the interests of the country's 300,000 small private businesses while at the same time following the Communist party line.

But it is Mr Kowalczyk's failure to defend this sector from mounting taxes and discriminatory practices by state industry which has led to the election of Mr Tadeusz Mlynarczyk who led the party in the seventies.

Moscow warms to London

By PATRICK COCKBURN in MOSCOW

THE SOVIET union's relations with Britain are improving and trade between the two countries is likely to increase, the Soviet daily Pravda said yesterday.

The article, by Mr Arkady Maslennikov, Pravda's London correspondent, said that "relations between the Soviet Union and Britain are marked today by a desire on both sides to increase co-operation." Political contacts have increased, he said.

Mr Maslennikov also said that Britain has strong doubts about President Reagan's "Star Wars" Strategic Defence Initiative. Moscow had previously noted British reservations about the project expressed by Sir Geoffrey Howe, the Foreign

Secretary, in a speech last month.

Pravda also notes that there has been an increase in trade with Britain, with British companies negotiating contracts for two chemical plants each worth \$500m.

Christopher Bobinski adds from Warsaw: Comment in the Polish papers following Sir Geoffrey Howe's visit to Poland last week betrayed no sign of official displeasure at the stress he put on human rights and his contacts with Solidarity supporters. The visit underlined Poland's role in working to improve East-West relations, the newspapers said, expressing satisfaction that top level contact has been made with Britain.

Barre rules out coalition under Mitterrand

By DAVID HOUSEGO in PARIS

PRESSURE on President Mitterrand to resign if the opposition gains a majority in the parliamentary elections next year has increased with a strong statement from M Raymond Barre, the former Prime Minister.

M Barre declared in a radio broadcast in far more forceful language than he has used so far that M Mitterrand should step down two years before his term expires if the Left is defeated. He also went further in saying that he would refuse to support a vote of confidence in any right-wing coalition that agreed to take office while M Mitterrand remained at the Elysée.

He speaks as the most popular

opposition leader and as something of an Olympian figure on the French political scene with his reputation for clarity and outspokenness. His warning is embarrassing to M Mitterrand whose strategy is to build a Socialist and opposition coalition next year. It is also embarrassing to the parliamentary opposition parties who said only last week that they would form a government under M Mitterrand as President if they should win a majority in the elections.

That statement was signed by M Jacques Chirac, leader of the neo-Gaullist RPR, and by M Jean Lecanuet, head of the centrist UDF. But it was also applauded by M Giscard d'Estaing, the

former President, who has long taken the view that the Right must accept the challenge of forming a government and then do battle with M Mitterrand.

In refusing to support a vote of confidence in such a government, M Barre was effectively ruling it out because he and his followers will represent a sizable bloc in the next National Assembly. M Barre's gamble is that if the Right refuses all compromise with M Mitterrand, it could steamroller him out of office.

M Barre has stepped up the pressure because he believes that the departure from the Government of the Communists and then M Michel Rocard,

the most popular Socialist minister, has left M Mitterrand more vulnerable. It is unclear whether M Rocard will depart quietly or whether he has plans to build a centrist following.

The former Premier believes that if the Right attempts to govern under M Mitterrand, it would be prevented from carrying out its programme by his still substantial powers as President. M Barre asked rhetorically in his Sunday night broadcast whether a man such as M Mitterrand who had used the President's powers to the full would allow himself to be confined to a cupboard.



Barre (right): embarrassing

U.S. budget action urged by Stoltenberg

By Our Bonn Correspondent

ON THE eve of key monetary meetings in Washington, Herr Gerhard Stoltenberg, the West German Finance Minister, yesterday demanded action by the U.S. to cut its budget deficit, as the best means of easing the debt problems of developing countries.

He warned that despite a reduction in its combined trade deficits, the third world was facing a further increase in its total indebtedness this year to some \$970bn, compared with \$885bn last year.

West Germany, he said, would make clear at this week's gatherings of the IMF Interim Committee and the World Bank its readiness to open up its own markets further to imports from developing nations, and to help critically indebted borrowers reschedule their debts within the framework of the so-called "Paris club."

But the greatest contribution would be a cut in the U.S. budget deficit. Herr Stoltenberg drew hope from the recent decline in the dollar but emphasised that a cut of, say, \$50bn in the deficit would lower interest rates which would ease the burden of borrowers and bring down the dollar further.

He came out firmly against a major new issue of Special Drawing Rights, as demanded by France and the EEC Commission, to help ease the repayment difficulties of third world debtors. The Fund was not currently suffering from any overall liquidity shortage,

Controversy dogs Reagan's German trip

By RUPERT CORNWELL in BONN

BONN AND Washington are holding urgent talks to agree changes in the planned state visit here next month by President Ronald Reagan, to meet the fierce complaints in the U.S. that no call at a site connected with the Jewish victims of the Nazi regime is on his schedule.

The criticism has gathered in intensity since publication of details of the M 1-6 trip last week, when it was announced that he would be visiting war graves of German soldiers killed during the Ardennes 1944-45 offensive against American forces.

That visit, during which Mr

Reagan would lay a wreath at the Bitburg military cemetery in the Eifel mountains, was explained as underlining the "spirit of reconciliation" with which the former wartime enemies, now allies, wish to imbue the President's trip to West Germany.

But it has caused particular dismay in that Mr Reagan earlier in the year turned down the idea that he should also go to the former Nazi concentration camp at Dachau near Munich, on the grounds that this would unfairly link

modern West Germany with the barbarities of the Third Reich.

Herr Peter Boenisch, the Bonn government spokesman, yesterday confirmed that consultations on a possible adjustment of Mr Reagan's schedule were in progress. The most likely options are that a visit to a concentration camp site, or to a synagogue will be added to his programme.

The latest contretemps is further proof of the delicacy of the visit, and the possible pitfalls which could still emerge. Another reminder came yesterday with an open appeal

from Mr Robert Kempner, a U.S. prosecutor at the Nuremberg war trials, for Mr Reagan to visit a camp. Mr Kempner, who now lives in Frankfurt, pointed out that "hundreds of thousands" of U.S. citizens had relatives murdered by the Nazis.

Almost simultaneously, the Jewish "Holocaust Committee" in Jerusalem, issued the text of a letter to the White House expressing its astonishment that Mr Reagan had no intention of commemorating "victims of the cruelty of Nazi Germany."

Yugoslavia rescheduling talks meet delay

By PETER MONTAGNON, EUROMARKETS CORRESPONDENT

YUGOSLAVIA and its commercial bank creditors have run into unexpected problems in their efforts to reach agreement on rescheduling some \$3.5bn (\$2,850m) in debt falling due between now and the end of 1988.

At the latest round of talks in New York last week the Yugoslav delegation raised a number of questions which bankers say had already been largely resolved by the International Co-ordinating Committee which is handling the negotiations.

The issues are mainly administrative, ranging from the amount of information bankers should receive on rescheduling

deals struck with other creditors such as governments, to the expenses of the co-ordinating committee itself which Yugoslavia wants to cut by 45 per cent from last year.

Bankers say they believe the Yugoslav move was tactical, aimed at stretching out the negotiations so as to persuade bank creditors to offer an improved interest rate. For last year's rescheduling, Yugoslavia agreed to pay a margin of 1½ per cent over Eurocurrency rates or 1½ per cent over U.S. prime rate.

One of the few points of substance raised by the Yugoslav delegation last week was the amount due to be repaid from a

\$600m credit granted by the banks in 1983 as part of the deal. But here the differences are relatively narrow with the banks seeking \$133m and Yugoslavia offering \$87m.

By contrast the two sides have managed to settle one major difference by agreeing to handle the rescheduling in two stages with debt maturing in 1985 and 1986 handled first, leaving implementation of the agreement for following years until later. Banks had wanted to handle the deal on a serial basis, signing agreements for one year at a time, while Yugoslavia initially wanted all four years to be dealt with at once.

This agreement should have

paved the way for a discussion on the actual interest margin at last week's talks. But although Mr Vlado Klemencic, Yugoslav Finance Minister, is expected to meet senior bankers informally during this week's International Monetary Fund meeting in Washington, speedy resumption of formal talks is not now expected.

Bankers fear this could delay IMF approval scheduled for April 25 of Yugoslavia's \$300m standby credit as well as bilateral negotiations with government creditors who last month initiated an agreement to reschedule about \$1bn in debt maturing between January 1 this year and May 15, 1988.

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OVERSEAS NEWS

Israeli coalition saved by single vote

By DAVID LENNON IN TEL AVIV

THE BREAK-UP of Israel's broad-based National Unity Coalition was averted by one vote yesterday when the Cabinet agreed that Mr Ezer Weizman, Minister without Portfolio, should go to Cairo last night as the guest of the Egyptian Prime Minister.

The coalition had been plunged into a major crisis on Sunday morning when the Cabinet voted against the trip at the urging of the right-wing Likud bloc which shares power with the Labour Party.

The immediate crisis may have been defused, but the unity of the seven-month-old coalition has been severely, and perhaps irreparably, damaged. The prestige of Mr Shimon Peres, the Labour Party Prime Minister, has also suffered a major blow.

The prospects of the coalition surviving its four-year term in office are now considered to have dimmed. It is also believed unlikely that Labour will agree to hand over the premiership to the Likud half way through the term, as specified in the coalition agreement.

The Likud objected to the Weizman trip on the grounds that, though billed as a private visit, Mr Weizman intended to

S. Africa to repeal race law on marriage

By Anthony Robinson in Johannesburg

A symbolic pillar of South Africa's discriminatory racial laws topped yesterday when the Government announced it would repeal legislation outlawing racially mixed marriages and sexual relations across the colour line.

Mr F. W. de Klerk, the Minister of Home Affairs, told parliament that the Government accepted the recommendations of the Badenhorst Committee, composed of white, coloured and Asian members of the tricameral Parliament, which was set up to investigate the 1949 Prohibition of Mixed Marriages Act and the 1957 Immorality Act.

The committee recommended that the 1949 Act be removed from the statute book and that the crucial Article 16 of the Immorality Act, which forbids inter-racial sex, also be repealed. Neither could be justified on scriptural or other grounds, it added. Some 818 people have been convicted for illegal sexual relations under Article 16 in the past five years.

In what is likely to give grounds for further controversy, however, the committee stopped short of recommending the repeal of legislation such as the Population Registration Act and the Group Areas Act which classify people on racial grounds and dictate where they can live.

"The committee is deeply aware that the place of residence of such a married couple is a sensitive matter in the South African community context," but the committee added, "legislation and practice, particularly in relation to residential and educational rights and requirements, are capable, by administrative means, of allowing the accommodation of racially mixed families."

This implies that vital decisions about which racially separated areas mixed families can live in, and which racially segregated schools their children may attend, will remain with the apartheid bureaucracy and be settled on an ad hoc basis.

The latest move has been cautiously welcomed by liberal opinion and condemned as "an irresponsible step which endangers our national identity" by the right wing Conservative Party.

Mr Sheena Duncan, president of the Black Sash civil rights movement said: "The Black Sash welcomes any move which starts to break down apartheid laws, however small... it is nevertheless very disappointing that no amendments are contemplated to laws which enforce residential separation."

The legislation to be repealed caused existing mixed marriages to be declared illegal, the children of such unions to become illegitimate

Mary Frings reports on a beach resort designed to cater for Gulf tourists

Bahrain plans \$175m holiday project

THE TOURIST attractions of Bahrain can be seen in a single day - perhaps the visitor is interested in archaeology.

The hotels, swimming pools and a growing number of parks and playgrounds, although sufficient to entertain businessmen and weekenders, have rarely satisfied holidaymakers staying longer.

Even the abundance of sunshine and sand has failed to detain visitors for long because none of the big hotels - the Hilton, the Sheraton, the Regency International and the TRF Diplomat - can offer their guests a beach to relax on.

The Holiday Inn did once have its own patch of foreshore but it was never ideally situated, separated as it was from the hotel by a six-lane highway.

Bahrain hopes a planned west coast resort will change all that. "We want people from the Gulf to come here and have a good time. We want to create a family atmosphere," says Mr Tariq Al-Moayyed, the Information Minister.

The \$175m project, which will

turn a 2½-mile strip of coastline at Zallaq into a luxury hotel and beach complex, should go some way to satisfying the needs of Gulf tourists.

It has also been given added significance by the likely completion this year of the Saudi-Bahrain causeway.

Dutch contractors Ballast Nedam are due to hand over the causeway in December. The work is on schedule but the opening is likely to be delayed by the failure to award link-road contracts. So it could be the end of next year before cars start pouring across.

By then, the Zallaq project will be under construction and visitors will have something new to look forward to.

The Bahrain Central Municipal Council has granted exclusive rights to form a development company to a local consortium and has said the site for the project will be leased to the developers for 25 years.

The consortium comprises Unitrac WLL and Transitec Gulf WLL



Gulf Daily News

McCowan and Partners, a locally-incorporated group of consulting engineers. The group, which completed a feasibility study last year, is a division of Alison and Hutchinson and Partners International of Edinburgh, Scotland.

A significant part of the estimated \$175m cost of the project is to be financed from equity, and local and overseas investors will be invited to participate. A prospectus is being prepared by a West German investment consultant, Dr Wolfgang Fahrenkamp.

Interest has already been shown by investors in Saudi Arabia and other countries, including Britain. Tarmac Overseas, the UK construction company, is playing a major role in the project.

In the 1970s Tarmac unsuccessfully launched the MOD-L industrial housing system in Bahrain in joint venture with A A Nass, a local contractor. Now the partnership is being revived and Tarmac-Nass will act as managing and general contractor for construction of the Zallaq project. It will also take a

substantial equity share in the development company.

Construction of the Zallaq complex is expected to start early next year and to take three years to complete.

The present design plans, which may be modified by financial and practical considerations, include a luxury hotel complex on a man-made island, a variety of beach villas and chalets, a large marina with condominiums, catering and boat maintenance facilities, and air-conditioned monorail links between sections of the complex.

The most popular attraction is likely to be what the promoters describe as a "theme park" - not a Disneyland, which is intrinsically American, but a funfair and amusement park.

Although the promoters of the Zallaq project clearly hope it will figure on world tour operators' programmes, the cost of air travel to the Gulf and a fairly restrictive immigration policy make it more likely that customers will come from the surrounding states.

Gandhi invites investment in key areas

By K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Mr Rajiv Gandhi, yesterday invited foreign investment in key sectors of the country, in particular, areas such as energy, communications, transport, agricultural technology and education.

Mr Gandhi was speaking to leading businessmen from 37 countries who have been brought to New Delhi by the European Management Forum for a round-table discussion on the Indian economy and prospects for investment.

They first heard Mr Gandhi for about half an hour and then held a question-and-answer session with him.

The Prime Minister indicated that the economy was being opened up and encouraged investment given to private enterprise, which would include foreign investment. India's objectives of self-reliance, equity and social justice were not affected.

Mr Gandhi said India offered

a massive market for consumer goods and its industry was willing to adapt to the technological changes that foreigners might want. In addition, there were many areas in which foreign companies could play a supportive role.

He particularly mentioned electronics as a sector in which his Government had totally changed policy and welcomed investment by foreign companies in key areas to enable India to catch up with the rest

of the world.

One indication of the size of the Indian market, Mr Gandhi said, was that when import colour television sets was allowed by the Government a couple of years ago, India was able to import every single set available in the world market at the time.

Mr Gandhi said that full scope would be given to the development of enterprise in India. This was "a high priority area," he said.

China eases line on U.S. warships

CHINA said yesterday that U.S. conventionally-powered warships could make a planned call at a Chinese port but it avoided mention of whether they would or would not carry nuclear arms. Reuter reports from Peking.

The statement seemed to back down from controversial remarks by Communist Party Chief Hu Yaobang last week when he said there had been an understanding between the U.S. and China that nuclear arms would not be carried.

Those remarks were in direct contrast to Washington's refusal to tell New Zealand whether U.S. warships had nuclear arms, and the U.S. later denied it had given such a call at a Chinese port on an informal ceremonial visit.

It added without elaboration: "This is a matter solely between China and the U.S. and there are questions remaining to be settled between the two sides." Hu told reporters before he left Peking for Australia that Washington had agreed to send conventional warships when the U.S. Navy makes its first port call in China since 1949.

Inflation rate up despite wages and prices pacts

By OUR TEL AVIV CORRESPONDENT

ISRAEL'S inflation has begun to soar again, despite the Government's attempts to control it through wages and prices pacts with the unions and employers. Prices rose 40 per cent in the first quarter, the same as in the first three months of 1984, according to the Central Bureau of Statistics.

During March retail prices rose a record 12.1 per cent, dashing the Government's hopes that the reduction in the rate of inflation in the previous four months signalled a real turnaround in the trend of soaring prices which exceeded 440 per cent last year.

At the beginning of this month the Government negotiated a new two-month price freeze with the unions and the employers, but the evidence on that ground is that the freeze is being largely ignored by most sectors of the economy.

The unwelcome news about inflation comes on top of a gloomy report by the Treasury to the Cabinet on Sunday on the prospects for improving the country's economic situation this year.

The officials told the Cabinet that even if the Government meets the budgetary targets set for the current fiscal year, this will bring only a very slight improvement in the situation.

In addition to hyper-inflation, the country is also suffering from a current account deficit of U.S.\$5bn and declining foreign currency reserves.

The Treasury officials, who are being pressed to enlarge the budget for the Defence Ministry and for export subsidies wanted the Cabinet that the ministers must limit spending to within the boundaries set by the budget.

PRESIDENT BANDA TO HOLD TALKS WITH THATCHER

Malawi's leader arrives for state visit

By MICHAEL HOLMAN, RECENTLY IN BLANTYRE

PRESIDENT Kamuzu Banda, detained some 27 years ago by the British colonial authorities when campaigning for Malawi's independence and the dissolution of the Central African Federation (which grouped Malawi, Zambia and Zimbabwe), is due to arrive in Britain today on a state visit.

Since winning independence in 1964, Dr Banda, pro-Western and staunchly anti-Communist, has established himself as one of Africa's most remarkable leaders. He stressed the importance of agriculture at a time when the sector was being neglected or mismanaged in many other African states, has infuriated his counterparts on the continent by advocating dialogue with South Africa, rather than confrontation, and stamped his authority on Malawi in a highly individual style which tolerates no opposition.

Shortly before leaving for Britain, Dr Banda, who has no high regard for the press, agreed to a rare interview but on strict conditions. Several questions dealing with current issues were in advance ruled out of order, including those covering relations with South Africa (Malawi's main trading part-

ner), and conditions in neighbouring Mozambique, where rebel activity has cut off access to the traditional Indian Ocean ports of Nacala and Beira and forced landlocked Malawi to use costly alternatives through South Africa and Tanzania.

The interview - or "audience", as his officials termed it - took place in a panelled chamber within the imposing Sandika Palace, set atop a hill of the same name overlooking Blantyre, the country's main commercial centre.

Despite his 80 or more years, the "Ngwazi" (saviour) as he is known to the 6m Malawians, looked fit and alert, vividly recalling his battles of the colonial era, scathing in his denunciation of state-owned farms in the rest of Africa, and confident that the economic difficulties which beset Malawi in the late 1970s were ending.

Last year Malawi recorded a 7.6 per cent real growth in gross domestic product, thanks in part to high tea prices and exports of stockpiled tobacco, the two crops which accounted for 71 per cent of foreign exchange earnings last year. For the third successive year, Malawi also exported its maize

surplus to drought-stricken neighbours.

Malawi's achievements since independence have been twofold, said the president: "Unity and the improvement of the standard of living of the people." Before he returned in 1988 to Malawi from Ghana, where he had a medical practice, Dr Banda said he had told his supporters: "I do not want to live among a collection of quarrelling tribes." Tribal divisions of the past had ended, he said, and people were now better clothed, fed and housed.

The agricultural portfolio is one of several that the President holds. "If I have any message or lesson (on agriculture) it is this: in Africa it is absolute stupidity to use state agriculture. It must be ordinary farmers, individualism... the small farmer is my main concern, and I must see to it that he is supplied with whatever is needed."

Relations with Britain, the country's leading bilateral donor, have always been cordial and officials on both sides expect the visit to confirm the ties rather than break new ground. But Dr Banda is likely

in the course of talks he is due to hold with Mrs Margaret Thatcher to stress the high price Malawi is paying for disrupted transport links, and express his concern that the year-old non-aggression pact between South Africa and Mozambique has failed to bring the benefits Malawi hoped for.

South Africa's support for the Mozambique National Resistance (MNR) was due to end under the pact, but officials in Maputo have alleged that links between the MNR and the South African military have not ended.

Malawi survey, Pages 12-17

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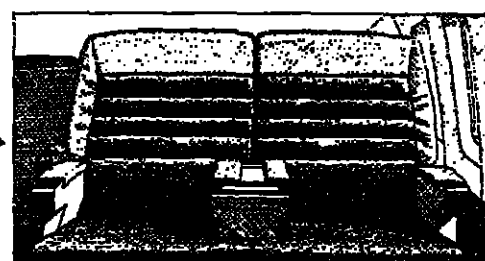
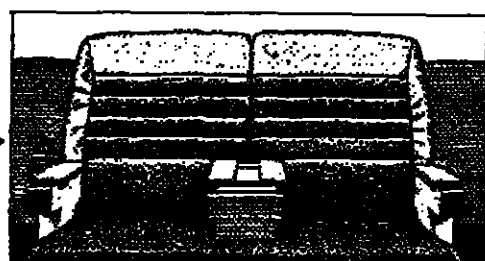
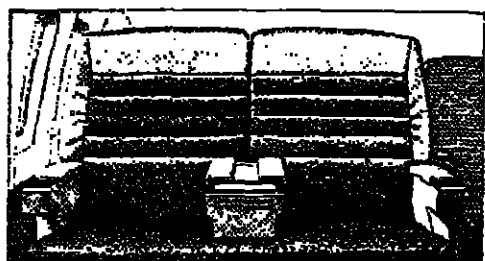
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BL Ital project for Pakistan faces collapse

BY JOHN ELLIOTT IN MADRAS

PLANS for the transfer of British Leyland's production line of the Morris Ital from the UK to Pakistan have virtually collapsed following months of delays in obtaining approvals for the project from the Pakistan Government and banks.

The deal would have earned BL's Austin Rover group over £200m for the sale of knock-down kits of the Ital, production equipment, technical assistance and spare parts. But the production line in the UK has been broken up during the past few weeks and would be costly to reassemble to produce kits for shipment to Pakistan.

"This project is dead," wrote President Zia in Pakistan in January, warning there this would happen and there has been no change," Mr Harold Musgrove, chairman of Austin Rover, said yesterday in Madras, where he was attending the launching of a locally-produced Rover 2000.

BL's Pakistan partner, Associated Agencies of Lahore, is trying to rescue the Ital project. But it seems that only a financially-backed appeal from either the Pakistan Government or the British Government for BL to go ahead could change the situation.

BL believes the British Government has shown little interest in the project and the Export Credits Guarantee Department has refused to help rescue it with a £4m guarantee. Outline agreement for BL to ship its Ital production line to

Pakistan was reached 16 months ago. The Indian Government has already rejected the Ital in favour of a link-up with Suzuki for a more modern 800cc car. But the Pakistan Government was attracted by the 1.8 litre Ital and President Zia wanted it to modernise the country's fleets of taxis.

Last August, Mr Musgrove met President Zia in Islamabad and an attempt was mounted to ensure the project went ahead.

A Saudi Arabian car leasing company, Hanco, was brought in to take 31 per cent of £10m to £11m equity, replacing an earlier Middle East partner who had withdrawn. BL agreed to take 18 to 20 per cent. Associated Agencies of Lahore 36 per cent and 15 per cent would have been sold to the public.

But Associated was behind with debt repayments to Pakistan's nationalised banks because of cash flow problems in another of its companies which produces IMT tractors from Yugoslavia.

This caused delays in obtaining banking approvals and left a financing gap of £4m. It also enabled Pakistan's public sector motor industry to increase BL to go ahead could change the situation.

Sri Lanka requests £45m aid to build power station

BY OUR NEW DELHI CORRESPONDENT

SRI LANKA is asking the UK to provide aid of up to £45m for construction of a £260m hydroelectric and power station called Samanalawewa by Balfour Beatty and GEC of the UK, to France and Japan.

Mrs Margaret Thatcher, the British Prime Minister, formally asked on Saturday for a first tranche of £10m to £15m, to be allocated out of new aid of £20m, which she announced the UK was to give Sri Lanka.

The request came at the end of her two-day visit to the island where she opened the Victoria Dam built by Balfour Beatty and other British companies with £115m of UK aid.

Mr Ronnie de Mel, Sri Lanka's Finance Minister, is in London this week to meet Mr Timothy Raison, British Minister of Overseas Development, for talks on the project.

The request is causing controversy in London where government departments are split on the issue. The Department of Trade and Industry is backing the project because up to £60m would be spent on British equipment, bringing an estimated 8,000 man-years of work to the UK.

Much of this work might go

to the proposed French and Japanese partners and to other countries if aid were not provided.

But Mr Raison's Overseas Development Administration (ODA) is arguing that the aid would be better spent on small scale projects such as mini hydroelectric plants for tea plantations, improving roads in Colombo and various natural resources projects.

The site is on the Walawe River well away from the main trouble spots of the Tamil ethnic violence. There is concern about the wisdom of the country starting another dam at this stage of its political and economic development, one it is still completing the giant Mahaweli scheme of which the Victoria Dam forms part.

Balfour has put the package together after approaches from the Sri Lankan Government. Balfour has linked up with Sir Alexander Gibb, consulting engineer on the Victoria Dam, as well as GEC.

Because it was clear the UK would not put up aid for the complete project, Alstom Atlantique and Spie-Batignolles of France and a Japanese company have been brought in to attract aid from their countries.

Television without frontiers meets Dutch resistance

THOSE NORMALLY good Europeans, the Dutch, have provoked the anger of the EEC Commission for imposing "discriminatory" restrictions on foreign television programmes carried by satellite or cable.

The Commission has decided to ask the Dutch Government to drop restrictions preventing "advertisements on foreign programmes specifically aimed at the Dutch public" on the grounds that the restrictions are contrary to the Treaty of Rome. If the Dutch Government does not give way the issue will probably be referred to the Court of Justice for adjudication.

The restrictions, in this case, prevent foreign programme distributors carrying advertisements in Dutch, giving prices in Dutch currency, giving addresses of commercial outlets in Holland or featuring products only available in the Netherlands.

To Mr Eelco Brinkman, the Dutch Culture Minister, "These restrictions serve to protect the general interest and are, in our view, not contrary to the provisions of the EEC treaty."

Dr Ulf Bruhmann, one of the authors of Television Without Frontiers, the EEC Green Paper on the establishment of a common market for broadcasting, especially by cable and satellite, takes a different view.

"It's a clear case of discrimination," Dr Bruhmann argues. By imposing different rules for Dutch broadcasters and those of other EEC nations the Dutch are, he believes, erecting just the sort of barrier to the crea-

tion of a common market in broadcasting that he wants broken down.

The issues at stake between the Dutch Government and the Commission seem minor. But they encapsulate a complex range of industrial, cultural and national dilemmas across the whole Community as technology makes possible transborder television on a previously unimaginable scale.

The attempts by the Commission to harmonise national practices to try to create a common market in programmes, particularly for the new media, are already causing controversy.

Until now, apart from seepage across frontiers, particularly in Belgium and Holland, broadcasting has largely been a heavily regulated and often protected prerogative of individual national states.

This has led, for instance, to a wide range of different approaches to television advertising. The restrictions and lack of a free market in advertising, the Commission believes, limit the growth of trans-frontier advertising.

Mr Gys de Vries, chairman of a European Parliamentary working party on Television Without Frontiers, believes that freedom of expression rules in the European Convention on Human Rights will mean that countless restrictions on advertising will have to go.

"Advertisements comparing products prohibited in, for example, Germany, France and Italy will be permissible. Belgium and Denmark will no



Raymond Snoddy reports on a Commission move to bring the Netherlands into line with the Treaty of Rome by lifting curbs on foreign advertising

longer be able to ban advertising from the television screen. Italy will no longer be able to restrict television advertising for books, cruises and tours."

France, he added, would have to lift constraints on a wide range of items which include calculators, computers and air-lanes.

Another formidable barrier to the creation of a common market in programmes is the complexity of copyright law, at the moment organised on the basis of rights in individual nations.

This creates even worse difficulties when programmes broadcast from one nation are re-transmitted on the cable television system of another.

EEC members also still find it difficult to agree joint technical standards to try to create common markets for equipment. Despite unanimous backing in the European Broadcasting Union for the British developed C-MAC standard for direct broadcasting by satellite (DBS), neither France nor West Ger-

many accepted it or seems likely to do so.

Despite such difficulties private enterprise has created eight new channels of cable television programmes, delivered by satellite in Europe since 1983, and more are on the way.

One of them, Mr Rupert Murdoch's general entertainment Sky Channel, is now available to more than 3m homes.

"Sky Channel has experienced different situations in every one of the 10 countries to which it is currently transmitting its programmes. In every case, however, it has been a matter of conforming to regulations rather than ignoring them," says Mr Patrick Cox, Sky's managing director.

The EEC Commission believes many of such regulations and barriers should be broken down, not just because broadcasting is a strategic sector of the Community's service economy but also because it is a powerful weapon for EEC integration. The present legal position is

complicated. The issue came to a head in Belgium over the legality of retransmitting advertising in foreign programmes on Belgian cable systems.

Although commercial television advertising is banned in Belgium, in practice a blind eye was turned to the retransmission of foreign advertisements on cable — until the public prosecutor in Liege brought the matter before the courts in a test case called the Debaube case.

The Debaube case went before the court of justice which, in its judgement, emphasised that the Treaty of Rome implied the abolition of discrimination against a provision of services on the grounds of nationality or that the service originated in another member state.

But the court also made it clear that the disparity between the national laws on advertising was so great that the free movement of televised advertising could not be secured under Community law until the disparities were levelled out. That is the task the Commission is now tackling.

"The Commission is now seeking a number of fundamental changes likely to be issued as directives."

It wants the rules on advertising to be harmonised. The aim, according to Dr Bruhmann, will be "not to have a compilation of all the existing regulations but to get rid of as many as possible."

The minimum restrictions would probably include a ban on tobacco advertising, special

rules on how alcohol is advertised, a maximum of 20 per cent of advertising time and separation of advertising and programming content.

Copyright owners would lose the right to prohibit simultaneous cross-frontier broadcasting. But they would be entitled to "equitable compensation" which would be paid through the main copyright organisations.

Dr Bruhmann accepts that the proposals may cause controversy in some countries, but rapid changes in technology are already making transborder television inevitable.

Even some fervent supporters of the European ideal are not sure that directives are the best way of creating a common market in broadcasting.

Lord Thomson of Monifeth, chairman of the Independent Broadcasting Authority and a former EEC Commissioner, suggested this month that member states might wish to contribute to European civilisation by preserving their own national identity.

"I think my former colleagues in Brussels would be well advised to concentrate on creating a monetary community or a technological community or on breaking down the international barriers to trade rather than the more elusive issues of seeking to integrate European broadcasting practices," Lord Thomson said.

This is the eighth in the series on European market liberalisation. The previous articles appeared on February 21, March 6, March 12, March 22, April 1 and April 4.

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Gatt members 'ready for new round of trade talks'

BY WILLIAM DUFFLORCE IN GENEVA

MOVEMENT TOWARDS a new round of multilateral trade talks under the auspices of the General Agreement on Tariffs and Trade has passed the stage at which governments ask themselves whether talks are needed, Mr Arthur Dunkel, Gatt's director-general, said in Geneva yesterday.

"We are now getting into the substance of the new round," he added.

Mr Dunkel pointed out that at last week's meeting of finance and trade ministers at the Organisation for Economic Co-operation and Development in Paris, 24 of the 91 members of Gatt, including the world's biggest trading nations, had come out in favour of a new round.

In a communique after their meeting the OECD ministers declared unanimously that talks should "begin" "as soon as possible" and that a preparatory meeting should be held in Gatt

to "reach a broad consensus on subject matter and modalities." Some countries wanted the talks to start early in 1986 but the 24 were not unanimous on this point.

Mr Dunkel said yesterday that dates were not so important as the expression by ministers of the will to set the process of negotiation going.

He envisaged a preparatory meeting of senior officials before the end of the summer to be followed by a meeting of the Gatt ministerial council to launch the negotiations formally.

A further push towards the new round is expected to come from finance ministers meeting in Washington this week at the interim and development committee meetings of the International Monetary Fund. A final commitment to the trade talks can be made at the world economic summit in Bonn on May 2 to 4.

China has \$890m trade deficit in first quarter

CHINA suffered an \$890m (\$741m) trade deficit in 1985's first quarter as imports jumped 54.4 per cent from the same period of 1984, the Government reported yesterday. AP reports from Peking.

Exports came to \$5.15bn, 2.7 per cent more than in the same period last year, and imports reached \$6.04bn, the Foreign Trade Ministry said.

Leading the import increase were colour televisions, radio-recorders, washing machines and refrigerators, which rose 100 per cent in volume over the first quarter of 1984. The Ministry said in a statement reported by the official news agency Xinhua.

It said imports of machinery and electrical instruments rose 90 per cent, chemical fertiliser 41 per cent and rolled steel 25 per cent from the period a year earlier.

First-quarter exports included 1.36m tons of grain, 3.5 times the amount exported in the same period last year, and 61,000 tons of cotton, 35 per cent more, the report said.

Christian Tyler writes: Chloride Group of the UK and Singer Products of the U.S. have created a joint marketing company in the hope of winning business in China.

The new company, Chloride Singer (China) aims to sell plant and technology.

AMERICAN NEWS

Early results give victory to Garcia in Peru elections

BY DOREEN GILLESPIE IN LIMA

SR ALAN GARCIA, the 35-year-old candidate for the centre left Apra Party, is virtually certain to be Peru's next President after winning 48 per cent of the votes in Sunday's general election, according to unofficial projections.

His nearest rival is Lima's mayor, Sr Alfonso Barrantes, the candidate for a coalition of eight Marxist parties. The projections give Sr Barrantes 22 per cent of the vote.

Early results also give Apra a majority in Congress followed by the United Left party.

The Apra Party, founded 60 years ago as a radical nationalist party and banned for half its existence, has never won power in its own right before.

Projections are thought to be close enough to final results to rule out any possibility of Sr

Garcia gaining more than the 50 per cent of the votes required for an outright victory. A second round will probably be held with Sr Barrantes in June.

Sr Garcia, who grew up in the Apra Party and was groomed for power by its founder, Sr Victor Raul Haya de la Torre, has been the party's general secretary since 1982.

His campaign, in which he calls for national consensus to confront issues such as subversion by the Maoist Sendero Luminoso guerrilla organisation and to deal with the multibillion dollar foreign debt problem, has been aimed at attracting uncommitted voters to swell the Apra vote. The elections have been a complete defeat for the governing Accio Popular Party which won only an estimated 5 per cent of the total vote.

General Dynamics denies fraud in U.S. Navy deals

A TOP official of General Dynamics yesterday denied his company was guilty of any fraud or wrongdoing on contracts with the U.S. Navy for attack submarines. Reuter reports from Washington.

Mr Gordon MacDonald, executive vice-president, told a congressional joint economic committee his company thought it was justified in submitting claims to the Navy for cost overruns caused by delays.

The case was settled at a cost of \$350m (£277m) to General Dynamics, Mr MacDonald said. Senator William Proxmire, a Wisconsin Democrat, said a substantial case has been made that

General Dynamics gave false information to the Navy, kept two sets of records and failed to disclose financial information to its stockholders and the public.

"It seems General Dynamics deceived the Navy," Senator Proxmire said.

But Mr MacDonald said a thorough review of the case by the Justice Department had found no basis for a fraud prosecution.

Referring to the claims against the Navy, Mr MacDonald said: "They were entirely justified and not fraudulent in any respect."

Medical bulletins on Neves halted

By Andrew Whitely in Rio de Janeiro and Ann Charters in Sao Paulo

TENSION WAS running high in Brazil yesterday as the entire nation watched and waited for definitive news about Sr Tancredo Neves, the dying president-elect.

In a signal that the end may be near, the release of official medical bulletins—previously issued several times a day—was halted yesterday morning and replaced by background briefings from Sr Antonio Brito, the presidential spokesman.

Preliminary funeral arrangements are being discreetly made for the man who could have been Brazil's most popular president for decades but who, by a sad irony of fate, ended up missing his own inauguration by a few hours when he had to be rushed to hospital.

Most likely, Sr Neves's body will be taken to Brasilia for the prescribed period of formal last respects and then to Sao Jose del Rei, his birthplace in Minas Gerais, for a family burial. But these plans may be threatened by an unseemly quarrel going on between the state governors of Minas Gerais and Sao Paulo over the honour of hosting the wake.

On Sunday, as the medical outlook for the president elect drew progressively gloomier, acting president Sr Jose Sarney summoned the entire cabinet to Brasilia.

No reason was given in public, but the intention is understood to have been for the month-old civilian government to be able to show a common front to a public traditionally sceptical over the strength of the country's institutions.

Anthony Moreton reports on the fight against rising imports

U.S. textiles empire strikes back

EARLY this month, a letter arrived on the desk of the chairman of the American Apparel Manufacturers' Association (AAMA) in Washington from the Green Bengal Garments company of Dhaka seeking his help.

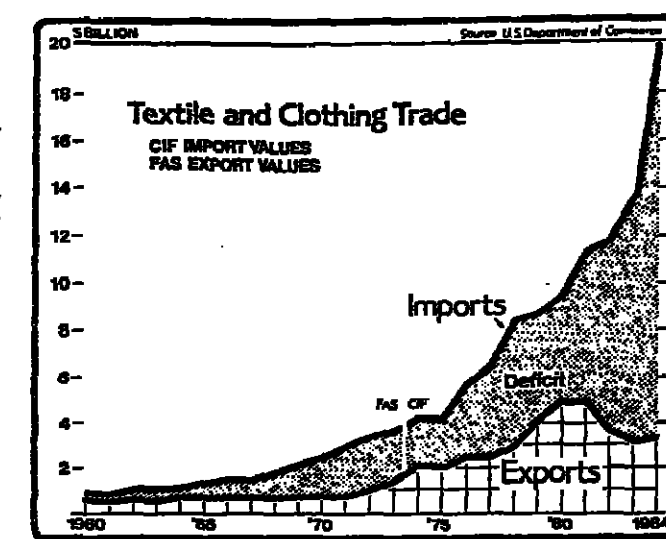
Mr Abdul Mye, the Bangladesh company's managing director, asked to be put in touch with American clothes manufacturers. "Our factory is equipped with most modern and sophisticated machinery," Mr Mye wrote, "and manned by highly skilled workmen (sic). We shall be grateful, if you are kind enough to assist in matching us with the interested parties in your country."

Mr Mye had chosen the wrong time to write to the wrong person. If there is one thing the association is dedicated to, it is keeping the Mr Myes and their clothes from the Far East out of the U.S. as a rising tide of imports of fabrics and clothes, drawn in by the strong dollar, threatens to swamp the market.

The U.S. textiles and garments industries are in a state of deep depression. There is a real fear in both the AAMA and the American Textile Manufacturers' Institute (ATMI) that the massive industries, which employ over 2m people and include some of the world's biggest commercial names, such as Du Pont, Monsanto, Burlington, Celanese and West Point, will be decimated.

Peppered as they can be, they ask, with such countries as China, whose workers earn in a year only a little more than a millworker in Greensboro, South Carolina, or Wilmington, Delaware, gets in a week?

Imports of textiles and clothes from foreign sources last year rose by a staggering 32 per cent by value and 21 per cent by volume, compared with 1983. And 1984 had itself been a bad year, recording a 25 per cent volume rise.



At one time the U.S. was concerned only with the Far East and Latin America. But last year, as the dollar climbed almost without interruption, imports began to surge in from Europe, with Italy pushing up its sales by 82 per cent by volume and France, Britain and West Germany all recording very large rises.

The result was that the U.S. payments deficit on textiles and apparel rose by 53 per cent to \$16.4bn (£13.12bn). Ten years ago it was just \$2.1bn. Small wonder that in an effort to save the seepage of jobs—234,000 vanished between 1979 and 1984—the empire has struck back.

The two associations have joined the unions and other trade groups to form the Fibre, Fabric and Apparel Coalition for Trade (FACT) to push a Bill through Congress that would, in the words of Mr George Wingo, chief economist at the ATMI, "roll back the flow of cheap foreign imports."

Textile production in the U.S. in the early months of this year

shall lose another 200,000 to 300,000 workers."

The main thrust of the trade protection Bill sponsored by FACT is aimed at Taiwan, South Korea, Hong Kong, China, Japan, Pakistan, Indonesia, India, the Philippines, Thailand, Brazil, Singapore and Sri Lanka.

But it would also seek to rein back the lesser exporters, some of whose sales to the U.S. jumped by staggering proportions in 1984. Turkey, for example, exports of textiles to the U.S. rose by 100 per cent.

Despite impressive support for the FACT-sponsored Bill in Congress, the chances of the Bill becoming an Act are slim. The Administration is committed to more liberalisation in trade and to back any restrictive measures would be to undermine assurances President Ronald Reagan has given over the past two years at Western summit meetings.

Given this opposition, the FACT Bill is probably aimed not so much at choking present imports as at putting pressure on the Administration to produce a tougher Multi-Fibre Arrangement (MFA), the world agreement which regulates a large part of textiles trade, when it runs out in the middle of next year.

But the U.S. industry believes any dismantling of trade barriers would lead to high unemployment and bankruptcies and FACT has a lot of money at its disposal—at least \$3m a year, it is thought. Ironically, despite the surge of imports, the U.S. has probably suffered less from the effects of Far Eastern imports than Europe did between 1979 and 1984.

What matters, though, is how Washington thinks it has been affected. The U.S. industry has managed to raise such a large amount of money to back its campaign because it has convinced so many people that it has been very badly hit indeed.

Washington steps up bid for aid to contras

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan's "secret war" in Nicaragua moved sharply back to the forefront of U.S. politics yesterday as both he and his opponents began a week of frenetic lobbying over his plans for renewed aid to the anti-Government "contra" rebels.

Both sides were raising the stakes to make the aid plan the focal point of a far-reaching debate on the administration's foreign policy and its worldwide standing on war and peace issues.

At the centre of the argument is Mr Reagan's request for \$14m (£10.8m) for the "contras" initially for non-military purposes during a ceasefire in negotiations between the rebels and the Sandinista Government. If there were no progress in the negotiations after 60 days, the rebels could use the money for weapons and military supplies.

The extent of Mr Reagan's difficulty in winning the funds from a reluctant Congress was underlined by the latest Gallup opinion poll, which showed only 26 per cent support among Americans for this Nicaragua policy in March, against a 56 per cent approval rating for his overall conduct of the Presidency.

On Capitol Hill, White House officials claimed a narrow majority in favour of the plan in the Republican-controlled Senate, which is due to vote on April 23, and said that they were only six to ten votes short of victory in the Democratic House of Representatives.

Mr Reagan's opponents, however, said that the contest in the Senate was more or less even and that he was much further behind in the House.

Mr Reagan planned to open the week's campaigning with a major speech to a Nicaraguan refugee fund dinner last night and then concentrate on direct appeals to members of Congress in a replay of the high-pressure tactics that brought him a narrow victory for his MX missile programme at the end of last month. Both sides planned a series of demonstrations, mail and telephone campaigns and other high-profile lobbying activities.

Shuttle astronauts in bid to mend satellite

By Peter Marsh in Houston

TWO U.S. astronauts on the space shuttle Discovery are today due to start repairing a minor fault on an \$80m (£62m) satellite that has left the craft drifting uselessly 200 miles above the earth.

The Leasat-III satellite, built by Hughes and due to be leased

to the U.S. Navy, is lifeless after a small switch failed to operate during its release from Discovery over the weekend.

For the National Aeronautics and Space Administration (Nasa), the operator of the U.S.'s space shuttle fleet, the affair is yet another embarrassment, following failures with releasing

three other satellites during shuttle flights over the past two years.

The fault is the responsibility of Hughes, which built the mechanism that was supposed to switch on Leasat as it rolled out of the shuttle's cargo bay.

Today Jeff Hoffman and David Griggs, two of Discovery's

seven-strong crew, are due to strap on a makeshift tool to the end of the shuttle's remote manipulator arm.

On Wednesday, the astronauts will attempt to manoeuvre the arm close enough to the ailing spacecraft to flick on the switch as it rotates slowly at about two revolutions a minute.

Canada proposes financial changes

By Bernard Simon in Toronto

THE CANADIAN Government has proposed creating a new type of financial holding company as part of the gradual deregulation of competition among the country's different groups of financial institutions.

In a report published yesterday, the Government says the proposals are designed to give financial institutions greater scope for offering diverse financial services, while tightening consumer protection and placing stricter controls on transactions among companies having shareholders in common.

The report will be referred to a parliamentary committee for detailed study. Legislation is unlikely to be passed before early 1986.

The proposals would allow different types of financial institutions, including banks, trust companies, securities firms and insurers, to be commonly owned by a financial holding company. Mutual

It appears, however, that Canada's large chartered banks and foreign banks operating in the country will not be able to form holding companies as a means of diversifying their business.

Central America peace hopes rise

By Hugh O'Shaughnessy

HOPES for peace in Central America have risen slightly this week following news that the Contadora peace process is to resume next month and that there could be talks between government and insurgents in El Salvador.

The Contadora talks which restarted in Panama City last week after a serious diplomatic crisis earlier this year between Nicaragua and Costa Rica are to restart in the first fortnight of next month, according to Sr Ricardo Valero, the Mexican Deputy Foreign Minister.

The search will be continued for ways of verifying that the five Central American signatories of the treaty, drawn up by the four Contadora powers (Mexico, Panama, Venezuela and Colombia), observe their commitments.

In El Salvador President Duarte has apparently left open the possibility of a third round of talks between his government and the opposition FMLN-FDR guerrillas.

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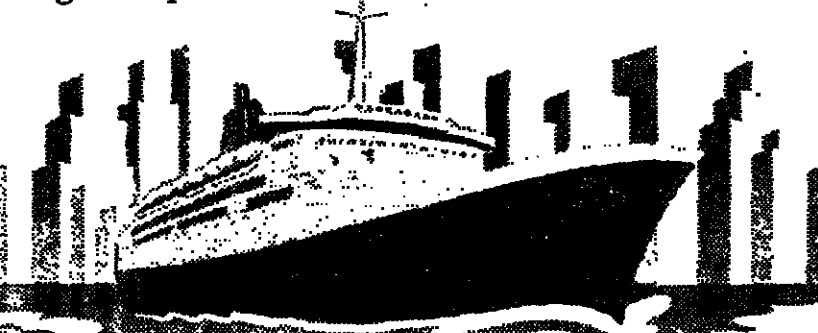
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FT2

UK NEWS

Disputed union ballot 'likely to be re-run'

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MR MOSS EVANS, leader of the Transport and General Workers' Union (TGWU), Britain's largest with more than 1.5m members, accepted yesterday that a re-run looked likely in the disputed ballot for the union's general secretary.

Allegations of ballot-rigging were made within the union after Mr Ron Todd, a left-winger, won a narrow victory over Mr George Wright, a moderate who is the union's Welsh secretary.

Backers of Mr Wright believe, however, that there is little support for his call to re-run the election. Some leading right-wingers in the union who were among Mr Wright's most active campaigners in the election last year, made clear yesterday that they thought Mr Wright's request for a fresh vote was both premature and ill-advised.

In a series of interviews yesterday, Mr Evans endorsed the idea of a fresh vote if it was thought necessary by the union's executive council, which he confirmed was likely to be recalled for an emergency meeting on the issue shortly.

Describing the ballot-rigging allegations as an "extremely serious crisis" in the union, the largest in the TUC and the Labour Party, Mr Evans said the TGWU would have to have a new ballot if necessary.



Moss Evans: 'Need to clear our good name'

though so far there was not sufficient evidence to warrant it.

However, he added about his request to Mr Wright to provide evidence to support his call: "even if he doesn't, I would still say that we can't have this sort of cloud hanging over our head."

"The executive would have to give very serious consideration on what further steps we need to take in order to clear our good name."

This idea, already endorsed by Mr Ron Todd, seems to be emerging as the TGWU leadership's re-

sponse to quell further allegations and their resulting damage to the union.

There is, though, some feeling in the TGWU that the executive should not be rushed into a re-run, and should stand firm by last year's vote.

Speaking at the annual conference of the Amalgamated Union of Engineering Workers in Eastbourne, Mr Terry Duffy, the union's president, asserted that the alleged ballot-rigging in the TGWU could never have happened under his union's own postal balloting system.

Peter Riddell, Political Editor, writes: The Social Democratic Party (SDP) has brought a full-page advertisement in today's issue of the Sun newspaper to urge members of Sogat 83, the printing union, to vote 'No' in their ballot on whether or not to have a political fund.

The advertisement, specifically aimed at Sogat members, is part of the SDP's campaign against the existence of such funds in the hope that a number of unions will vote no in the ballots over the coming year and so detach themselves from supporting the Labour Party.

It also states that if Sogat members have problems obtaining ballot papers they should contact the SDP which will try to help them obtain them in order to vote.

Executive fears censure

BY BRIAN GROOM, LABOUR STAFF

LEADERS OF the Amalgamated Union of Engineering Workers (AUEW) are trying to head off what they fear might be a humiliating censure over its decision to accept government money for postal ballot elections under trade union legislation.

As the annual two-week meeting of the AUEW's policy-making national committee opened in Eastbourne yesterday, the executive deferred a decision on how to tackle the issue until next Monday, and called on the standing orders committee not to allow it to be debated until then.

The union is to receive more than £1m from the Government to cover the cost of ballots held between March 1981 and September 1984, after members voted by 12 to 1 to accept the cash in a postal ballot, but

a number of left-wing resolutions call for the money to be refused.

They argue that the decision should have been taken by the national committee. The executive fears that enough right-wingers will side with the left to give them a majority, and is buying time to try to shore up its position.

Mr Terry Duffy, the union president, hopes that the executive will support him in accepting the money even if the national committee votes not to do so, but at the very least that would cause an embarrassing constitutional wrangle.

The leadership's argument is that recent amalgamations meant that the policy-making body could not be reconstituted in time to make a decision before the Government's deadline for applying for the money, and under its rules the execu-

tive has the right to ballot members on crucial issues.

The union's decision to accept the Government's money is in defiance of Trades Union Congress (TUC) policy and in opposition to the existing national committee policy. Mr Duffy said yesterday that he was confident the TUC would not expel the AUEW. He said: "If there is an attempt to discipline us that could mean the demise of the TUC as we know it."

The executive decided that the union's ballot on whether to maintain a political fund under the Trade Union Act 1984 would begin on June 21.

It also decided to hold an inquiry into alleged irregularities in the election of a president of its Birmingham East district committee.

Syndicate faces 'loss of millions'

By John Moore, City Correspondent

MORE THAN 3,500 underwriting members of the Lloyd's, the London insurance market, are to be told in the next few days that an underwriting syndicate in which they are grouped is facing losses. According to underwriters in the Lloyd's market the losses are running into "millions of pounds."

The losses have arisen on an insurance syndicate number 417/418 managed by Merrett Syndicates, one of the largest independent underwriting agents at Lloyd's.

Later this week a meeting is expected to take place of underwriting agents who have introduced members of Lloyd's to the Merrett syndicate to explain the background to the losses.

It is understood that the losses arise to some extent from the syndicate's involvement in asbestos business. The syndicate reinsured other underwriters an excess proportion of their business on asbestos business.

Historically, the syndicate is one of the most profitable within the Lloyd's market and although the syndicate has been hit by the prospect of asbestos losses the overall slump in profits will be offset to some extent by more profitable lines of business.

The syndicate also faces a protracted dispute with the Inland Revenue. A committee of underwriting agents, including Mr Stephen Merrett, head of the Merrett organisation, are planning to use syndicate 417/418 to challenge the Inland Revenue's present dispute with the whole of the Lloyd's market over the commercial purpose of certain insurance arrangements.

Shares of the Merrett organisation are held by a number of shareholders outside the market after a successful private placing of the group's equity nearly four years ago. If the overall profitability of the syndicate falls, the Merrett Syndicates is also likely to see a fall in profit commissions.

Mr Ken Randall, managing director of the Merrett organisation, said yesterday that the "final numbers" on the losses were still to be calculated.

Manufacturing profits show rapid recovery

BY IAN RODGER

PROFITS of British manufacturing companies have recovered rapidly in the past two years, but real rates of return are still well below those in other leading industrial countries, according to a study published by DRI Europe, the consulting group.

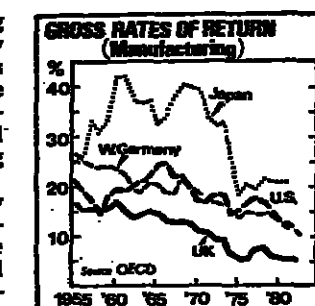
This means that companies may continue to find investment opportunities elsewhere more attractive than those in the UK, Mr Paul Cocks writes in the latest DRI European Review.

Using an OECD data series, Mr Cocks finds that the profitability of British manufacturing fell further and faster between 1959 and 1982 than in any other leading industrial country.

The gross real rates of return on fixed assets declined in Britain at an average annual rate of 4.5 per cent in this period compared with average annual declines of only 1.5 per cent in the U.S. and 2.7 per cent in West Germany and Japan.

Mr Cocks estimates that the rate in Britain in the past two years had recovered by about 22 per cent a year, a good deal faster than in other European countries. "This augurs well for a more dynamic and entrepreneurial response from the corporate sector. The danger remains that corporate capital will be attracted abroad where the levels of profitability are still higher."

Mr Cocks says he is struck by the close correlation between investment and profit levels in European countries over the past 15 years, and suggests that there is a dynamic process by which lower



profits lead managers in risk-averse companies to undermine their future by cutting investment spending.

"It might seem counter-productive for a company to opt for the negative route. However, senior managers might well not have to live with the consequences, given their average age and distance from retirement."

"At this lower rate, the resources need to close the gap on foreign competition are that much greater. The justification is not necessarily easier. The lower rate of return of the business as it stands does not make it such an attractive candidate for more funds."

The problem, he says, is to raise the proportion of value added going into profits.

"Recent proponents of cutting real wages to boost employment - equivalent to raising the share of value added going to profit - correctly argue that real wages are an outcome of economic interaction and not a policy lever," he adds.

Extel in Japanese deal

BY CHARLES BATCHELOR

EXTTEL, the business information and advertising group, is to market Exshare, its international securities service, in Japan through Nihon Keizai Shinbun (NKS), one of the country's leading newspaper and broadcasting companies.

Exshare, a joint project set up in 1987 with Reuters, the international business information group, provides share price and company information on 80,000 securities traded on more than 50 stock exchanges.

Mr John Shapcott, sales director of Extel Computing, the Extel subsidiary set up to develop the Exshare service, said agreement was reached with NKS after four years of talks. Extel views the marketing link-up as a major breakthrough in the difficult Japanese market. The deal is initially worth only ¥4m (£12,700) to Extel, but the com-

pany expects to earn sizeable royalties as Japanese financial institutions start to use the service.

The Japanese demand for international stock market information reflects the growing trend for investment managers to place part of their portfolio on overseas stock markets, Extel said.

Exshare supplies information on shares and markets, selected on a daily or weekly basis, to a customers' mainframe, micro or personal computer. The data are intended for analytical or valuation work, but not for dealing purposes, to avoid competition with Reuters' own information services.

Exshare has already established distribution agreements with two companies in the U.S. and with a London-based distributor supplying data to Hong Kong and Singapore.

Citicorp in joint London venture

CITICORP of New York and NMW Computers, the UK's largest stock processing bureau, are to set up a new company to provide dealing and banking services for stockbrokers in the deregulated UK securities market, writes David Lascelles, Banking Correspondent.

The venture is the first of the new "clearing members" envisaged by the stock exchange as part of the revolution reshaping the London market. It also marks a further advance by the large U.S. banking group into the UK financial markets where it already has plans to buy two stockbrokers and a discount house, a dealer in promissory notes.

The new company will provide settlement and dealing facilities for stockbrokers who want to be spared the trouble and cost of setting up their own. It will be modelled on clearing companies which have operated successfully on Wall Street, like Pershing, the subsidiary of stockbrokers Donaldson Lufkin Jenrette.

The company will also supply its broker clients with banking products such as loans, foreign exchange, cash management and even credit cards.

This should enable smaller stockbroking firms to offer a range of financial services which competes with those of larger brokers who have become part of big UK and foreign banking groups and have access to such services through their parents.

Mr Nigel Banister, NMW's managing director, said his company has begun to investigate the clearing-member idea more than a year ago and had approached Citicorp as a possible partner because of the U.S. bank's experience.

He believed the service would enable small and medium-sized brokers to remain competitive after stock exchange controls are removed next year.

The new company will be independent of the two Citicorp brokers, Scrimgeour Kemp-Gee and Vickers da Costa, and will process other brokers' business confidentially. Yesterday's announcement said it would not act as a broker in its own right and would not compete with its broker users.

NMW was set up in 1972 by a group of regional UK stock exchanges as a computer bureau to process their business. It has grown rapidly and handles 40 per cent of all transactions on the London exchange.

Yesterday it reported a fall in pre-tax profits from £1.54m in 1983 to £1.28m in 1984, mainly because of heavy investment in new computer equipment.

SIR MICHAEL HAYERS, the Attorney General, rejected Labour calls to "ease off" on the prosecution of miners arrested during the coal dispute. Mr Nick Brown, a Labour spokesman on legal affairs, told the House of Commons that cases were still to be heard against more than 1,000 of the 7,917 miners charged with offences arising out of the year-long strike.

Most of the cases involved trivial charges against men with previously good records. He urged the Government to issue guidelines to prevent prosecutions which would be detrimental to respect for the law in mining areas.

Sir Michael said prosecutions were a matter for chief constables. He added, however, that dropping charges would not be conducive to the preservation of order in industrial disputes, although there were bound to be borderline cases in which prosecutions would not proceed.

BRITAIN was being reduced to a "cheap labour shoebox economy" by Government policies, Mr Norman Willis, general secretary of the Trades Union Congress (TUC) told a House of Commons committee in a sharp attack on present economic strategy.

Claims that the recent budget would create jobs were a fraud he said. "The only jobs likely to arise are a few insecure ones on poverty wages."

THE GOVERNMENT is to issue guidelines outlining safeguards for children of surrogate mothers, Mr Norman Fowler the Social Services Secretary, told the House of Commons.

He was opening a debate on the Surrogacy Arrangements Bill, which outlaws commercial surrogacy agencies and provides penalties of three months' imprisonment or fines of up to £2,000 for anyone convicted of arranging a surrogate pregnancy for gain.

THORN EMI, the entertainment electronics group, has appointed Mr Colin Southgate as managing director. He will be responsible for the company's day-to-day operations worldwide.

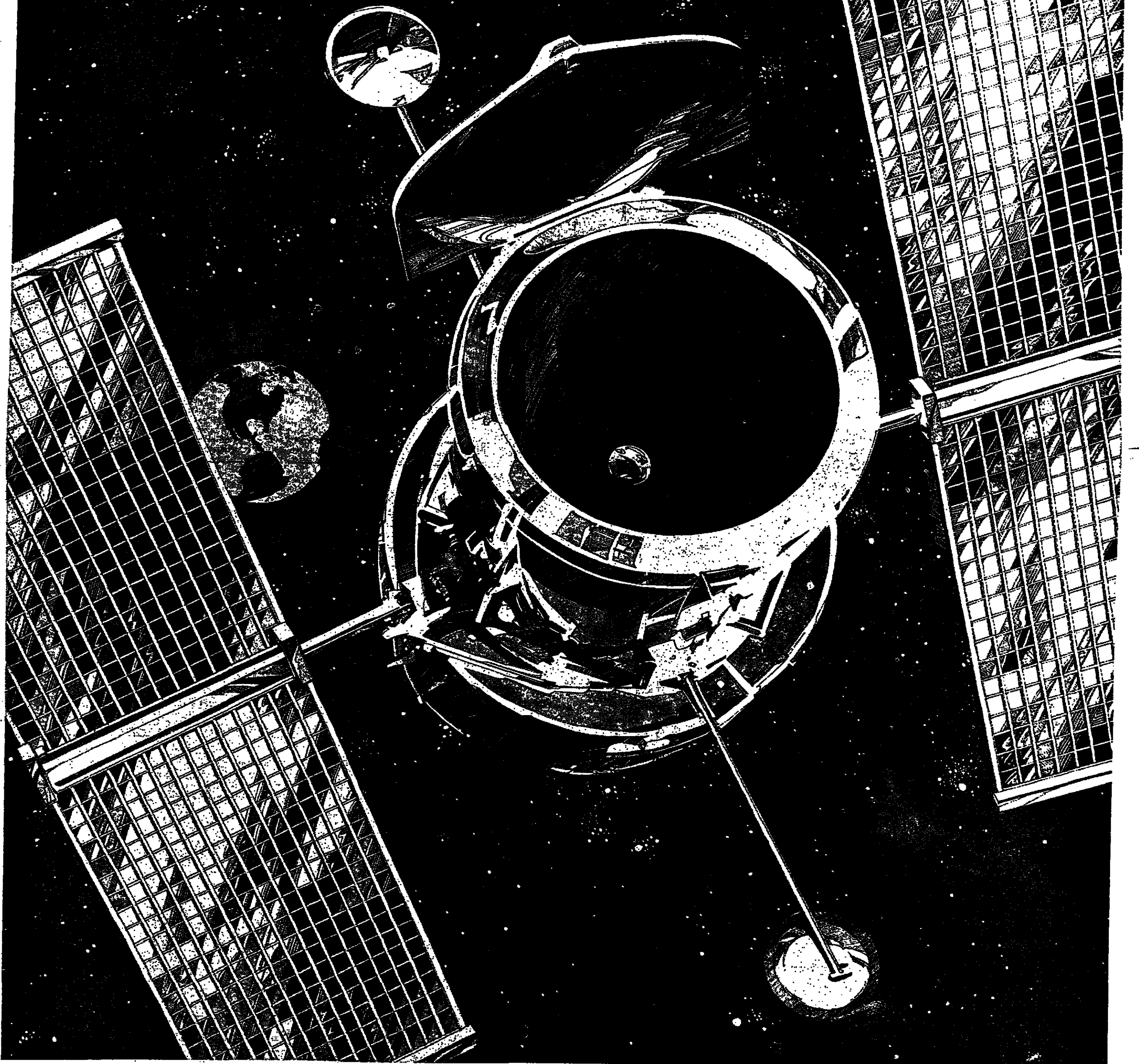
Mr Peter Laister, chairman and chief executive, said Mr Southgate would "be putting a great deal of effort into the short-term performance of the group." Thorn EMI is expected to produce poor figures for the financial year just ended.

PRODUCTION of aerosol sprays reached a record in the UK last year. Total production was lifted by 7.8 per cent to 620m units. Major growth areas were hairsprays, deodorants and insecticides.

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UK NEWS

Home-loan groups lift bad debt provisions

By George Graham

BRITAIN'S leading building societies (home-loan associations) are substantially increasing their provisions for bad debts as housebuyers are hit by unemployment and economic difficulties.

The Halifax Building Society, the UK's largest, has raised its provision for mortgage losses by 50 per cent to £200,000.

It has also, for the first time, disclosed in its accounts that it is owed £2.5m in interest payments due, but not yet paid.

The Abbey National, the second largest building society, has doubled its provision from £700,000 to £1.4m, while the Nationwide has nearly tripled its provision to £350,000. In 1983, total provision by all building societies was only £2m.

While the year-long miners' strike has increased mortgage arrears in some parts of the country, most societies agree that the general economic climate and high interest rates are the main culprits.

Building societies do not expect to realise losses in mining districts, because they have little incentive to repossess houses which they will not be able to sell.

A Building Societies Association report highlighted unemployment, matrimonial problems and financial mismanagement as the main causes of arrears.

Societies admit that in recent years they have been relaxing lending criteria which has, in turn, increased the risk that borrowers will run into difficulties.

House buyers will soon be able to get a mortgage from their local post office. National Girobank, the banking subsidiary of the Post Office, is planning to enter the mortgage market as part of its long-term strategy of extending services.

Problems mount for troubled ECGD

UNTIL TWO or three years ago, the Export Credits Guarantee Department (ECGD) was probably the least known, and least understood, of all government agencies. But financial losses, a £400m overdraft forecast to rise to £1bn, successive parliamentary reports and two management reviews have changed all that.

To cap it all, ECGD civil servants woke up last week to find their agency's name splashed all over the front page of a national newspaper in a story claiming that the department might have been defrauded to the tune of £200m.

It is little wonder that many of the 1,800 employees in London, Cardiff, Wales, and nine regional offices, feel under pressure.

"It's difficult for us to be dynamic at present," one said. "It's like being in a firm when the receiver's in." The suspected fraud which prompted the department to call in the police two months ago seems to be the least of their worries.

Officials say the figure of £200m is literally incredible. No one is saying much about the case, but it seems officials know of only a few million pounds' worth of fraudulent claims, possibly involving short-term buyer credit for Nigeria, a market notoriously attractive to corrupt traders.

The names of at least one company and of two men operating in London and alleged to be behind the fraud have recently been circulated. One or more banks registered in the UK, but not necessarily British, are also rumoured to be implicated.

The bulk of the department's export insurance work, including claims, is handled by 700 civil servants at Cardiff. Here, with the help of 250,000 company files - possibly

Christian Tyler looks at the Export Credits Guarantee Department which is battling with the conflicting pressures of demands for an improved service and the Government's desire to cut costs.

the biggest storehouse of credit control secrets in the world - underwriters set 2,500 individual credit limits a week. At any one time, there are 10,000 applications for cover to be processed.

No fewer than 242 people are needed to tackle a mounting tide of claims because of the Third World debt crisis and a wave of company bankruptcies worldwide during the recent economic recession.

The staff find themselves victims of conflicting pressures. Exporters want a quicker service and more individually tailored policies; but the Treasury and House of Commons public accounts committee wants costs to be cut, underwriting tightened up, and persistently loss-making services phased out.

The department has been criticised for lack of modern communications systems, especially between London and Cardiff, for inadequate statistical data, and for insufficient monitoring systems. But the ECGD has had to reduce staff to meet lower budget ceilings set by central government, and has lacked the resources to modernise its computer system.

The department has about 40 vacancies, and staffing restraints are the main complaint of junior clerical officers, who say there is no time for training, insufficient specialisation, and lack of people to cover those who are on leave or are ill.

Yet, morale does not seem particularly low, and the calibre of staff, considering the low rates of civil service pay, is said to be remarkably high.

Managers claim it would be impossible to attract and retain people of such ability in London. For example, a clerical officer authorised to pay claims of up to £50,000 may be earning only £5,500 a year after five years' experience.

Many outside the department believe that most of the ECGD's problems would be solved if it were released from the civil service and allowed to pay rates more in line with the private sector.

That view is challenged in Cardiff, certainly by the civil service unions, who fear that job losses would result and by senior managers who deny that there is a chronic brain drain.

This and other questions have been dealt with in the latest review by senior ECGD officials, with the help of outside consultants from Coopers & Lybrand. That review is now on its way to ministers.

The team has kept its ideas secret, but some staff believe the review may recommend fundamental reforms - of operating structure, of the role of regional offices, and of pay and grading systems.

Others say it could propose the wider use of insurance brokers, who earn £2m-a-year placing business with the department, and a new kind of top management body.

Meanwhile, the department is pressing ahead with an overdue five-year computerisation programme.

Based on an IBM mainframe computer bought last year for £800,000, the system could cost anything between £12m and £30m.

IMPORTERS TURN ON PRESSURE IN HOME HEATING MARKET

Chill blast for radiator makers

By Richard Tomkins

A GLOOMY picture of the prospects for Britain's manufacturers of household radiators is painted in the latest quarterly bulletin of the Building Services Research and Information Association.

It says that exports are negligible and falling and imports - chiefly from Ireland and Belgium - have accelerated to the point where they are now taking a third of the domestic market.

The market in the UK is said to be stagnant and is forecast to decline. It was worth £133m last year; the association says it will fall to £120m this year and to £100m by the end of the decade.

The British radiator industry is highly compact, consisting of only six makers. Leading names are the Stelrad Group (owned by Metal Box), Thorn EMI Heating, and the Myson Group. The others are Thermal Radiators, NuRad and CHS Keeling.

Many of the industry's problems stem not from the recession but from the boom which preceded it.

Radiator making as big business is a recent development. It emerged in the late 1960s when the development of small gas-fired boilers and cheaper pressed-steel radiators in place of the old cast iron ones put central heating within the reach of an increasingly prosperous population.

Gradual sales growth turned into a boom in 1978-79 when an upsurge in demand for installations in homes coincided with a strong rise in housebuilding.

The nascent British radiator industry was caught unprepared and could not cope with demand. For other European manufacturers, however, the British boom could not have come at a better time.

By the late 1970s many of the European markets were approaching saturation point and the manufacturers, burdened with overcapacity, saw Britain as one of the few big markets left to exploit.

They flooded the market with imports, and in the two years to the end of 1979 their market share shot up from 12 per cent to 27 per cent.

Significantly, the importers have continued to increase their market share in spite of the downturn in sales during the recession and stagnation since. This is not because imported radiators are better.

Although some makers claim to turn out a superior product, most agree that one pressed-steel radiator is very much like another, and that the key considerations are price and service.

British makers say their price competitiveness has suffered because of the overvaluation of sterling against European currencies. They also allege that European

manufacturers have had unfair advantages either in the form of direct government subsidies or in the form of cheap subsidised steel, and that they have been practically dumping radiators on the British market.

Importers angrily deny these allegations. They say the radiators sold by the leading importers sell at prices similar to British ones, and thus compete on level terms.

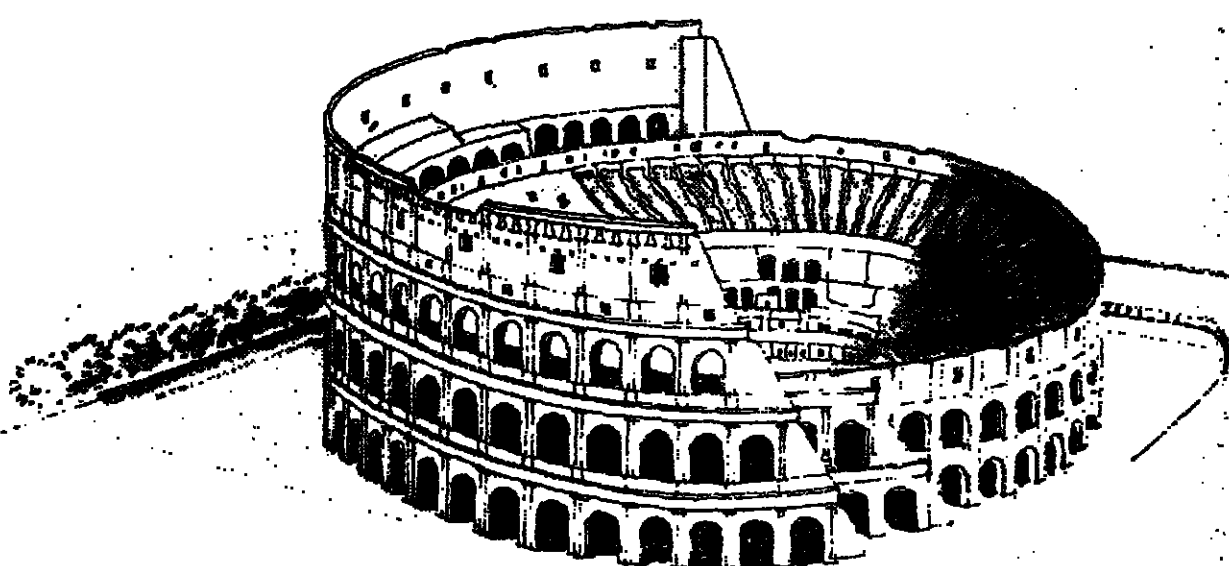
One of the biggest importers is Warmstyle, which is supplied by N. V. Veba of Belgium. Mr Bill Blamford, managing director, says: "Some of the British manufacturers offer crazy prices which we are very hard-pressed to meet, and then say it's all because of cheap imports that they are having to do it. It's utter rubbish."

Where the importers claim to score over the British manufacturers is in service. They say the British makers have a poor record for completing orders on time, whereas the big importers have built up a reputation for reliability.

Ireland accounts for 36 per cent of the radiator imports into Britain and Belgium for 36 per cent.

Statistics Bulletin; BSRIA, Old, Bracknell Lane West, Bracknell, Berkshire RG12 4AH; £35 a year.

MAN'S LANDMARKS: No. 20



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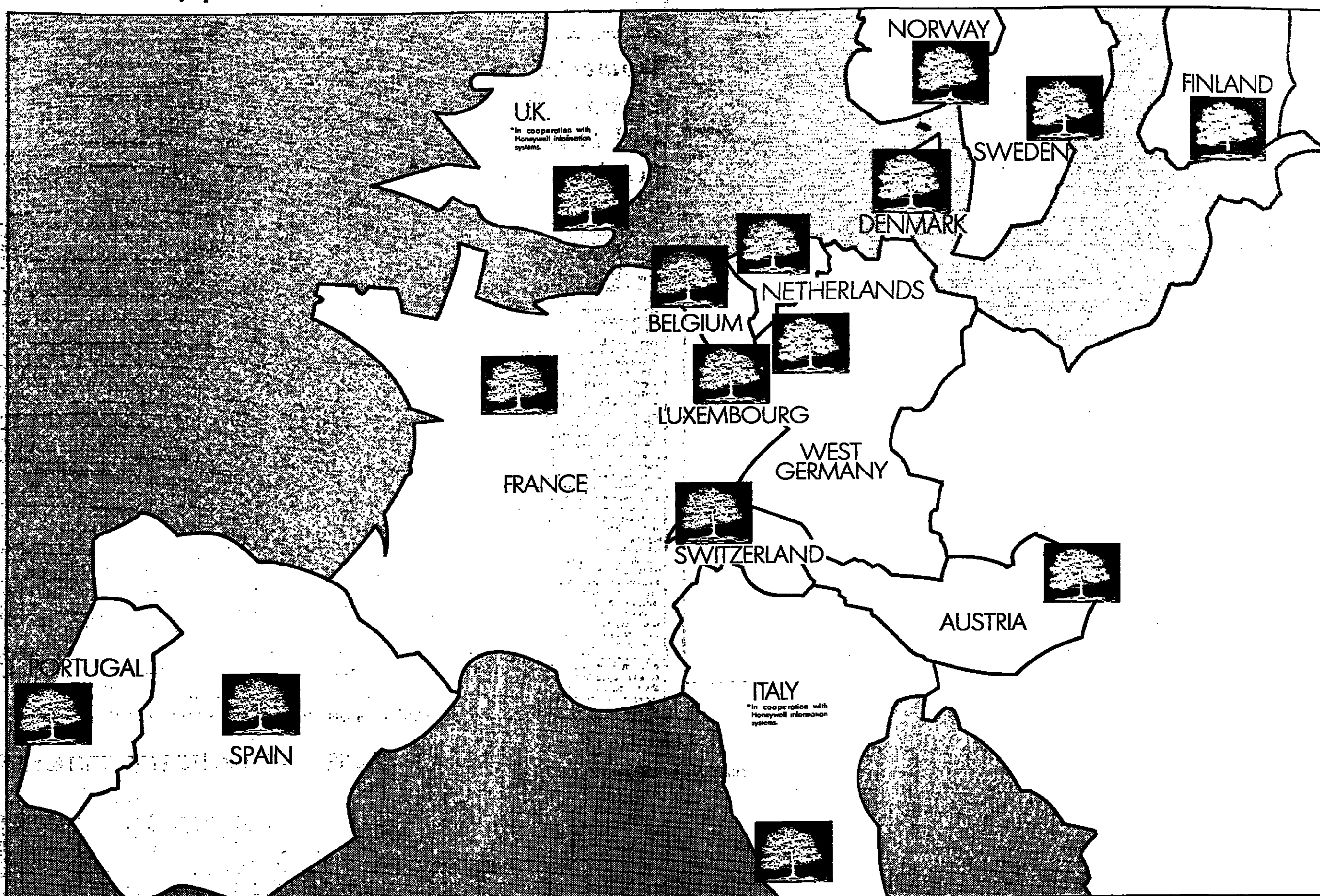
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- in millions of US-Dollars -	1984	1982/83	1981/82
Balance sheet total	10.114	8.697	7.936
Claims from money market transactions with banks	1.173	1.008	1.364
Loans and advances to customers	5.346	4.131	4.171
Credit volume	8.447	7.251	6.217
Liabilities to banks	8.261	6.800	6.418
Capital and reserves	149	130	130

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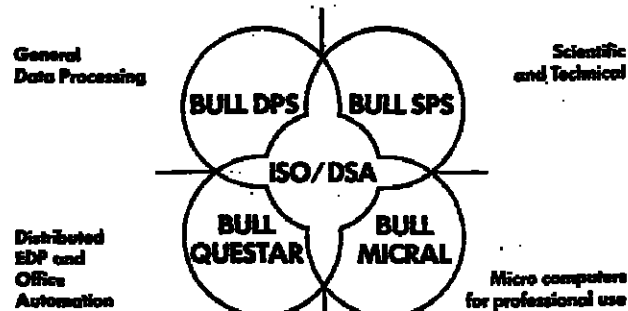
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BULL's commitment to Europe is total. It is involved in 17 projects in the Esprit program, set up by the European Commission to aid international cooperation in information technology, and is taking a leading role in two of them.

One of these, the Esprit Information Exchange System, or EIES, in conjunction with GEC, ICL, Olivetti and Siemens, is a communication network for participants of Esprit. The second project is for the joint development of software engineering with the same group of companies as EIES, plus Nixdorf.

BULL is cooperating with other European companies to develop a unified set of standards. At the instigation of the European Commission, the twelve leading European information technology firms, AEG, BULL, CGE, GEC, ICL, Nixdorf, Olivetti, Philips, Plessey, Siemens, STET, and Thomson have formed the Standards Promotion and Applications Group, SPAG and have agreed on a common set of standards (OSI) for interconnecting their system. Another agreement involving six major firms (BULL, ICL, Nixdorf, Olivetti, Philips and Siemens) resulted in the formation of the Open Group for Unix System, for developing a common application software environment.

BULL's deep seated commitment to Europe doesn't end there. At the beginning of 1984 the European Computer Research Centre, ECRC, created jointly by BULL, ICL and Siemens, opened its doors in Munich. Its activities are intended to enhance the future competitive ability of the European information technology industry. The centre's field of activity covers the technologies needed to improve the process of machine assisted decision making.

At International level BULL has also built up a long-standing agreement with Honeywell, a deal with Ridge for the development, production and marketing of a range of scientific super minis, a technical agreement with Convergent Technologies for distributed EDP and office automation; and an arrangement with NEC which will lead to the introduction of a very large data processing system in order to complete its DPS 8/88 range running under BULL GCOS 8 operating system.

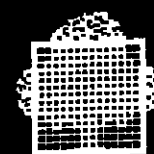
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UK NEWS

Hearing for Lithgow claim

FINANCIAL TIMES REPORTER

THE SCOTT Lithgow shipyard in Scotland is to be added to the list of compensation cases to be heard by the European Court of Human Rights, bringing the claims of former shareholders in the shipbuilding and aircraft companies nationalised in 1977 to more than £200m (£732m).

That is in addition to the original compensation of some £130m paid to the claimants. The UK Department of Trade and Industry has already admitted that more may have to be paid out.

The European Human Rights Commission has ruled that claims from former shareholders in Scott Lithgow and its Scott Lithgow dry-docks subsidiary may also be heard by the court.

Hearings on the claims now with the court are set for this June. No date has yet been fixed for Scott Lithgow, whose referral to the court was delayed by lengthy negotiations over the yard's valuation when nationalised.

Scott Lithgow was formed in 1967 from the merger of the Scotts and Lithgow yards. At the time of nationalisation, Sir William Lithgow held just under half of the shares.

Scott last year by state-owned British Shipbuilders to Trafalgar House for £12m after it ran into heavy losses on oil rig construction, the Clydeside yard concentrates on the offshore sector.

Sir William is already seeking more compensation as a former large shareholder in John G. Kin-

caid, the marine engine-builder which is also now part of BS.

Other applicants for higher compensation include Vosper, Vickers, Yarrow, General Electric and Prudential Assurance.

The admission that the Government realised it might have to pay out more came in a letter from Mr Jonathan Rickford, a Department of Trade legal official, to the U.S. Securities and Exchange Commission.

He wrote last November that the court was almost certain not to reverse the commission's ruling that compensation was required "but may go further and rule that we are bound to pay more than the compensation actually granted."

Mr Rickford, now head of the de-

partment's legal office, was writing to reassure the SEC over the flotation of shares in British Telecom, which the Labour Opposition has said it will re-nationalise.

Sir William referred angrily at the weekend to one passage in the letter, made public last week. Mr Rickford said Sir William claimed "that the compensation given to him in 1977 was inadequate and in breach of the (European Human Rights) Convention."

The present Government has declined to increase the payment terms set by the Labour Administration, arguing that retrospective legislation would be unfair to those who sold shares on the basis of the original terms.

Sue Cameron looks at the conflict created by the Transport Bill

En route for a clash over buses

TWO GOVERNMENT departments are set to clash over plans for privatising the National Bus Company (NBC) which operates provincial and rural services.

The conflict centres on whether National Bus should be sold off in large chunks or split into smaller companies that would be put on the market individually.

The Treasury is expected to back the first method - on the grounds that NBC will fetch a much higher price if it is sold as a single unit or divided into only a small number of parts.

The market value of NBC as a whole or as a mere handful of separate units is being put at £200m to £250m - although these figures assume that the company's £151m debt to the government would be written off.

But the Department of Transport, which is planning bus deregulation legislation through parliament, is determined that NBC should be sold off in much smaller parcels.

Ministers and their officials argue that this will be the only way to ensure free and fair competition after deregulation.

They fear that NBC could maintain its monopoly position in over-

large slices. The Government might then itself open to charges that it had allowed state-owned monopolies to be handed over to the private sector.

The first hint of a dispute between the Transport Department and the Treasury has come from Mr David Mitchell, the junior transport minister who is responsible for the current Transport Bill that will deregulate buses.

In a trade press interview, Mr Mitchell is quoted as saying there was "bound to be a difference of emphasis on privatisation of NBC between the Department of Transport, which sought to ensure maximum competition, and the Treasury, aiming to maximise the return to the taxpayer."

In Whitehall's subtle language, however, phrases such as a "difference of emphasis" tend to be used to paper over fundamental disagreements. Mr Mitchell, however, went on to say - in optimistic vein - that he was sure "a sensible final position" would be achieved.

A final decision on how NBC should be privatised is still a long way away. NBC itself does not have to put forward formal proposals on how it should be sold off until three months after the Bill becomes law,

which is expected towards the end of this year.

The timescale was highlighted by the Department of Transport at the end of last week. The department denied that there was any row between itself and the Treasury, but was careful to point out that the method of privatising NBC had not been finalised.

But if battle lines are drawn, National Bus is almost certain to support the Treasury. It is not opposing privatisation but it has also made clear that it is desperately anxious to avoid complete fragmentation.

It has suggested that it should be split into four separate parts, operating in various parts of the country. The aim would be to give economies of scale on overheads yet avoid a monopoly in any market.

NBC has some 50 operating companies in all, ranging in size from North Devon which runs 64 buses, to London Country which has 1,100.

Last year 17 of the operating companies made losses. Others depend heavily on local authority grants. They could lose this revenue support under the tendering system that is to be introduced after deregulation for unprofitable but socially necessary bus routes.

Mr Kenneth Long, an analyst with stockbroker Greaveson Grant, estimates that if NBC were sold in small lots the Government could expect to raise "only £100m to £150m - if it was lucky."

He said that if NBC was split into 50 or even 30 smaller companies, some of them might even fail to attract potential buyers. This would act as a "tremendous drag" on the market for the more profitable sections of NBC.

Transport ministers have considered the possibility of management/employee buyouts for some parts of NBC and they have made clear they would tend to favour them.

Mr Long stressed, however, that employees would be the last people to bid for unprofitable bus companies because they would know "exactly how bad" they were.

The planned sale of NBC is likely to present the Government with a major dilemma. The Transport Bill is designed to introduce greater competition.

Yet it has aroused considerable controversy and has been attacked on many grounds - not least because of fears that it may lead to some bus services being cut, notably in country areas.

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• Prize winners will be notified by 31 May 1985. Solutions and names of winners will be available from the Cumbernauld Development Corporation after this date

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W T A D E G
C F H S L R
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CUMBERNAULD'S CONNECTION

CLUES

1. Patronym of two neo-classicist brothers who had designs on Scottish country houses two hundred years ago. (4)
2. He gave us a dry coating. (9)
3. Found by a journalist lost in Africa. (11)
4. Scientist remembered for being 273.15 at 0°C. (6)
5. Craftsman with views on national riches. (5)
6. Creator of smooth waters and bridges over troubled ones. (7)
7. Anti-biotics were essential to his success. (7)
8. Sounds like the exclamation of a kitchen kettle-watcher. (4)
9. A man of far-seeing inventive power. (5)
10. His bones live on. (6)
11. Successful successor of the pioneering Bishop of Aberbrothock. (9)
12. Bibliophilic benefactor and man of steel. (8)
13. Writer of note who interpreted "Land of the Mountain and the Flood". (6)
14. Extreme sixteenth-century misogynist. (4)
15. Orcadian renowned for his liberal outlook. (7)
16. Poetic eighteenth-century librarian with an artistic son. (6)
17. Hawthorn poet who welcomed Charles I to Edinburgh. (8)
18. The Great Lexicographer's constant companion. (7)
19. Eighteenth century lady who had a transvestite maid. (9)
20. Bondman milkman. (7)
21. Where once we had to tread slowly his treads now speed us along. (6)
22. Caledonian amanuensis who must be getting on in years, despite what you may hear. (7)
23. Glasgow physician whose name lives on in his Glasgow museum. (6)
24. Eminent etymologist produced volumes last century. (8)
25. Gloaming roamer with a crooked stick. (6)

CUMBERNAULD

Where companies meet with success

Coal board to restore summer price cuts

BY MAURICE SAMUELSON

THE NATIONAL Coal Board (NCB) is to cut prices of domestic coal to encourage stockpiling by householders during the summer months.

A summer pricing scheme, under which wholesale prices are reduced between May and July, was cancelled last year because of the miners' strike.

In restoring the scheme the NCB hopes to recover some of the market it lost to imports of domestic fuel, particularly from Poland and the U.S.

The coal strike is also reported to have hit sales of solid fuel central heating systems. A survey by the London-based Market Assessment publication claims that there was a

6 per cent drop last year in installations of new coal-fired systems as a result of the strike.

The strike, together with government policy of cutting new and refurbished local authority housing had left sales of these systems far behind those of electric heaters.

At the same time, there was a strong trend back towards open fires, with some 25 per cent of new houses being built with chimneys last year.

Gas remained by far the most popular fuel for central heating, however. It accounted for 74 per cent of new central heating systems installed last year.

Clyde meets its £30m cable funding target

BY RAYMOND SNOODY

CLYDE CABLEVISION, one of the new pilot cable television companies, has completed its £30m financing after a nine-month struggle.

Clyde, which plans to cable 120,000 homes and businesses in the north west of Glasgow, Scotland, will start laying cable in May and begin a 24-channel service in October.

Mr David Campbell, chief executive of Clyde, said yesterday that the completion of the financing was "a boost for the entire cable industry." Clyde has been trying to raise £10m in equity finance since last July, but until last week it had secured only £9m. The final £1m has now been raised.

Clyde's success in raising finance may be a turning point for cable television. Until now there has been deep scepticism in the City of London over the financial prospects for the industry.

The news will also be welcomed by the Government. Clyde is planning the kind of two-way communication system the Government has been keen to encourage. Services will include home shopping, banking and business data.

Mr Campbell said yesterday: "We are going to bring the 21st century to Glasgow and Clydeside 15 years early. We are putting some fizz back in the bottle," a reference to the then broadcasting minister, Mr Douglas Hurd's admis-



Mr Robert Maxwell

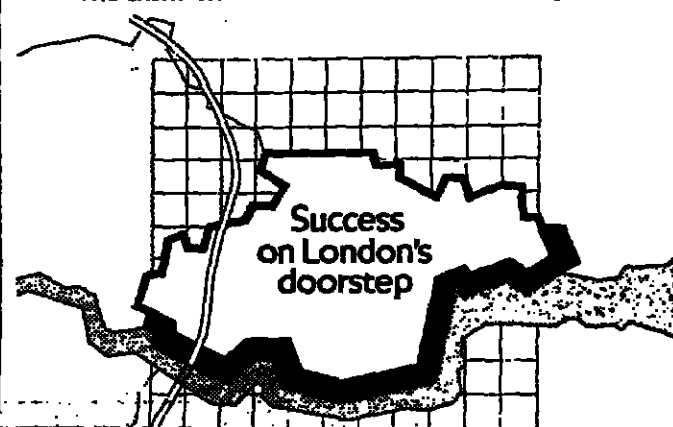
sion last year that some of the fizz had gone out of cable television prospects.

At the moment Swindon is the only one of 11 franchises chosen by the Government in November 1983 which is running a service on new multi-channel cable. At least five other franchises are scheduled to get going this year - Clyde, Aberdeen, Coventry and two in London, Westminster and Croydon.

Mr Robert Maxwell, the publisher who has extensive cable television interests including the Rediffusion cable networks, is believed to have played a leading part in getting Clyde off the ground. Apart from investing himself, Mr Maxwell is believed to have persuaded Lord Westminster of GEC and Mercury Communications to invest a total of £2.5m in the company.

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FINANCIAL TIMES SURVEY

Tuesday April 16 1985

MALAWI

Dr. Banda's emphasis since independence in 1964 on the overwhelming importance of agriculture has helped landlocked Malawi to survive the difficulties of the past decade better than most African states. The challenge ahead includes serious transport constraints and further economic reforms

Three problems for a landlocked nation

WHEN MALAWI'S Life President, Dr H. Kamuzu Banda, begins his state visit to Britain today, it will mark an extraordinary turn of the wheel of history.

The man jalled by the then Britain's Colonial Secretary, Alan Lennox-Boyd, some 27 years ago for his fiery denunciation of the ill-fated Central African Federation and his pursuit of Malawi's (then Nyasaland) independence, returns to the country where he once practised medicine, as an honoured guest of the Queen.

The visitor is one of Africa's most extraordinary leaders who has ruled virtually unchallenged since independence in 1964 in a style all his own. Few spectacles on the continent can compare with the occasions when the President steps down from the platform at public rallies, bywhisk in hand, to join his dancing "mbumba," the redoubtable ladies who play such a colourful and important role in the country's affairs.

Bedecked in their cotton prints of green, blue and red and emblazoned with the portrait of the Ngoni (Saviour) himself, the turbaned mbumba grace most presidential events. The highlight comes when Dr Banda, always immaculately turned out in a three piece suit, takes part in the dancing. It is one time when vigilant security men can relax, for the President is almost literally taken into the bosom of the nation on which he has stamped his values in a fashion unparalleled in Africa.

These values include an almost Victorian ethos of hard work, discipline, self-sufficiency and a respect for authority, and the evidence is all around; the intensity with which the land is cultivated, especially in the heavily populated south; a

By Michael Holman
Africa Editor

civil service, of generally high calibre which takes care to turn up for work on time; a general air of orderliness in towns and villages and absence of corruption and a deference towards the President which borders on the feudal.

It is a formula which has achieved some remarkable results in a country which, though still among the poorest in the world, has one of the most impressive post-independence growth records in Africa, starting from one of the most impoverished bases.

At independence in 1964, Dr Banda inherited a landlocked state, with no exploitable mineral resources, 120 miles of tarred road, and a handful of university graduates. The country was seen as little more than a supplier of cheap labour to the mines and farms of Southern Rhodesia (now Zimbabwe) and South Africa.

From the start the President emphasised the overriding need to concentrate on agriculture and meet three basic needs—

food, clothing and shelter—in what has become a national litaney hammered home by the President active and alert despite his 80 or more years, as he tours the country.

More so than many heads of state, the President can take credit for Malawi's achievements (and a concomitant responsibility for its shortcomings), for he holds the key portfolios of Agriculture, as well as External Affairs, Justice, Works and Supplies, while all major finance ministry papers cross his desk at Sanjika Palace in Blantyre.

The outcome of his exhortations in the first years of independence was remarkable, for real GDP grew at an average rate of 5.5 per cent a year between 1967 and 1979. By the end of the 1970s, however, it was clear that Malawi was in serious trouble.

Progress

This was due to a combination of unavoidable external factors, such as the second rise in world fuel prices and deteriorating terms of trade, transport problems, and shortcomings in government policies, notably an increasingly burdensome state-owned sector, an agricultural pricing policy which provided inadequate incentives to smallholder farmers, and heavy government spending on un-economic projects.

But with the aid of the World Bank and other donors and under the watchful eye of the International Monetary Fund (IMF) Malawi has made considerable progress down the sometimes painful path of structural reform.

The measures themselves, good rains, an enthusiastic peasant farmer response to higher prices, record tea receipts last year and the shifting of some stockpiled tobacco, saw a dramatic real growth in GDP of 7.5 last year.

But three critical issues dominate economic prospects for the years ahead. The most immediate is the cost of being a landlocked country whose access to two major outlets — Beira and Nacala on the East coast — has been closed by rebel action in Mozambique.

The enforced use of the longer routes through South Africa (and the Tanzanian port of Dar-es-Salaam which last year handled 15 per cent of Malawi's trade) cost some Kwacha 100m (553.16m) and in 1983 transport outlays consumed about one third of export earnings.

No early relief is in sight and for the foreseeable future Malawi will continue to pay the price of its geographical handicap.

The second issue is less pressing, but of overwhelming long-term significance. At the current rate of population growth — at least three per cent a year — the number of Malawians will double from around 8m today to nearly 12m at the turn of the century.

The strain placed on land, energy resources (85 per cent of primary energy needs comes from wood) and social services will become more serious by the year. Although the government has taken the first tentative steps towards a family planning programme, it is a far cry from what is needed if other policies — increased smallholder productivity for example — are not to be negated.

The third issue, closely bound up with the structural adjustment policy of the World Bank is whether Malawi can sustain the agricultural growth of the last few years. In particular, it has to evolve a mix of export crops which relieves the current dangerous dependence on tea and tobacco (71 per cent of export earnings last year) while continuing to ensure that maize production — the staple food — meets national needs.

Many donors have been surprised by the readiness — on most subjects at least — of the President to take some painful economic measures. This flexibility on the economic front has been matched by a significant shift in the handling of foreign affairs.



The President, Dr Banda, has always taken a strong interest in crops grown by small farmers. Dr Banda rarely gives interviews but on Page 5 he talks to Michael Holman

Almost from the start of his time in office, Dr Banda outraged his fellow leaders on the continent by opening diplomatic relations with South Africa, playing host to the Republic's late prime minister, John Vorster in 1970, making a controversial visit to Pretoria in 1971, and arguing that while apartheid was abhorrent, dialogue and not confrontation with the white giant was the only feasible course.

While the President may still be Africa's odd man out, Mozambique's non-aggression pact with South Africa, signed last year, must have given Dr Banda cause for some wry reflection. But at the same time — perhaps with transport dependence in mind — an improvement in relations with black Southern Africa has taken place.

Malawi's decision not only to become a founder member of the Southern African Development Co-ordination Conference (SADCC) in 1979 — an organisation which aims to reduce trade and transport links with South Africa — but to host a ministerial SADCC summit in November 1981, was a landmark.

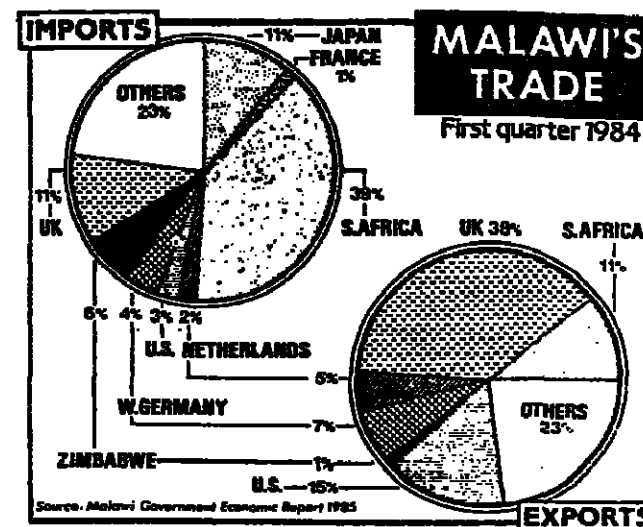
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Commiserate

In subsequent years both Zimbabwe and Mozambique have opened embassies in the capital, Lilongwe, and last October what once would have seemed unthinkable took place: Mozambique's Marxist leader, Samora Machel, paid a state visit to Malawi, giving the avowedly pro-West and anti-communist Dr Banda a chance to commiserate over his neighbour's economic plight.

More to the point, it gave the two men the opportunity to discuss a mutual concern: the activities of the Mozambique National Resistance (MNR) who



have cut Malawi's access to Beira and Nacala attacked traffic on the Tete road to Zimbabwe and who appear to be steadily undermining President Machel's authority.

Whether much practical progress was made is doubtful. Where there is little sign of any policy shift, or any relaxation of the President's firm grip, is in domestic political affairs.

There is, it must be said, a dark side to Malawi politics. Scores, if not hundreds, or arbitrary detentions without trial in the mid-1970s and the earlier brutal treatment of Jehovah's Witnesses caused considerable concern at the time, although towards the end of the decade most detainees had been freed.

But comparatively recent episodes have provoked deep unease. The first was the suspected assassination in Harare in March 1983 of Dr Attah Mphahleli, leader of the banned Socialist League of Malawi (Lesoma). Of far greater concern and import was the still unexplained deaths, ostensibly in a car crash in May 1983, of three cabinet ministers and a member of the national assembly.

Among those who died was Mr Dick Matenje, a senior minister occupying the key post of secretary general of the ruling Malawi Congress Party (MCP), the country's only legal political party, and widely regarded as a potential successor to the President.

The third episode involved the alleged kidnapping of Dr Orton Chirwa, a former Justice Minister, and his wife, who were charged with treason and sentenced to death after a trial whose conduct many jurists questioned. Last June the President commuted the death sentence to life imprisonment.

Malawians are as reluctant to discuss these incidents as they are to comment publicly on another taboo subject, the successor to the President, who, although hale and hearty is 80 according to his official biography but some years older in the opinion of many observers.

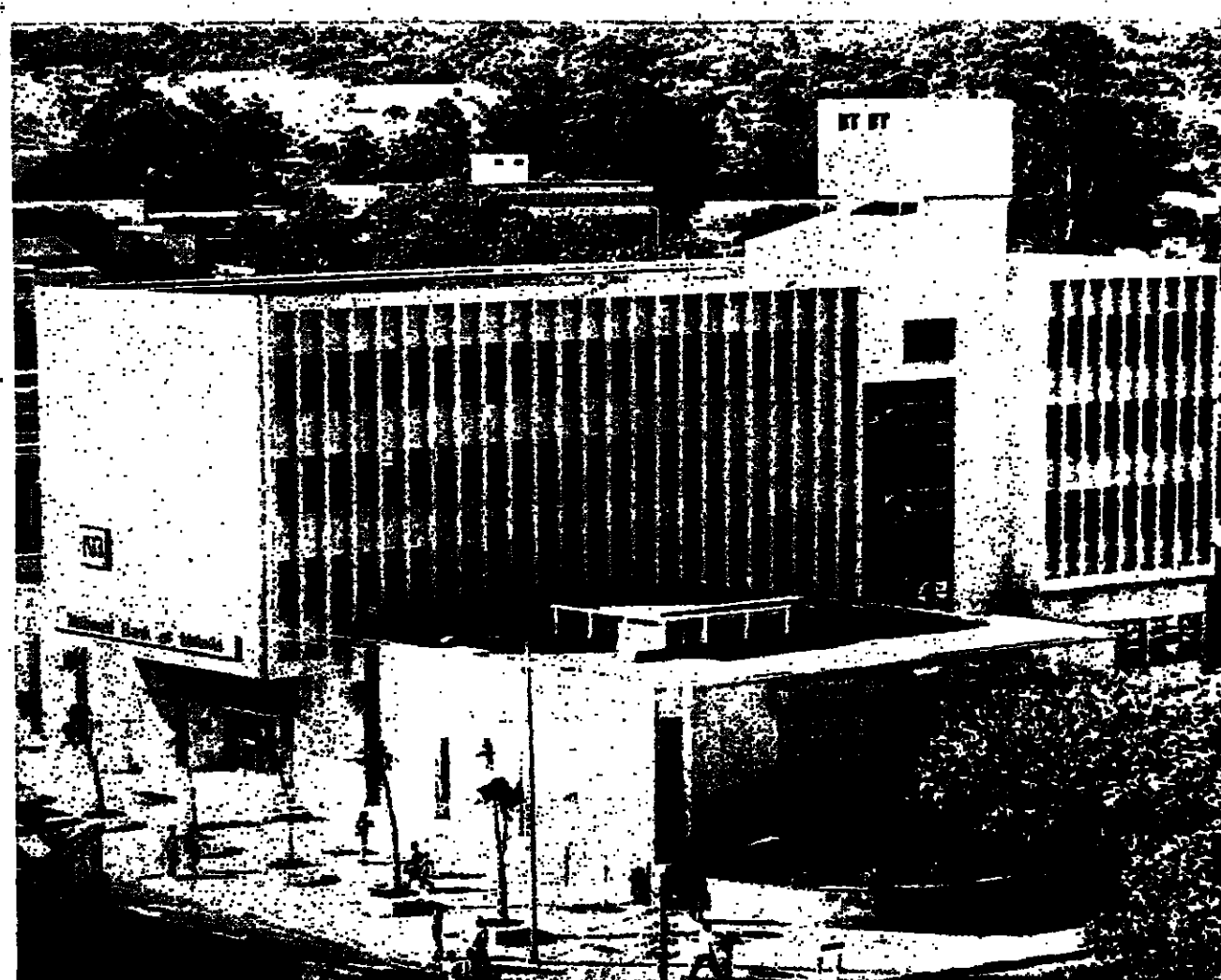
The constitution offers limited help. In the event of a vacancy the functions of the office shall initially be performed by a three-man presidential council chaired by the secretary general of the party, with two ministers who are also members of the national executive of the MCP.

The next step would be the convening of an electoral college of MPs and party officials who would nominate the presidential candidate.

The post of secretary general has been left unfilled, however, since Mr Matenje's death and the widespread expectation that Mr John Tembo, former Governor of the Malawi Central Bank, would fill it proved wrong — although Mr Tembo remains an important member of the national executive of the party.

That administration issue apart, most observers believe it highly unlikely that the President's successor will emerge from the deliberations of a college whose members will number 200 or more. Rather they will simply endorse the candidate selected by a much smaller inner circle.

Who that may be is far from clear and certainly for any Malawian to promote his or her cause would be an unwise act of lese majeste.



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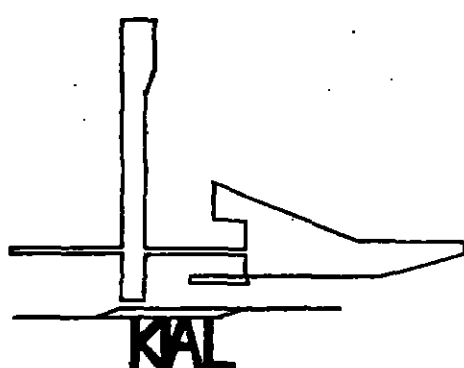
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Transport costs and debt servicing are critical issues

Economy

MICHAEL HOLMAN

WHEN MALAWI'S Minister of Finance, Mr. Edward Bwanali, rose to present the country's 1985-86 budget three weeks ago, it was a case of first the good news, followed by the not-so-good news.

With understandable satisfaction he told the House that Malawi had achieved a growth in real GDP last year of 1.6 per cent, the deficit on current account had fallen from K182m (£100.5m) in 1983 to K49m, and the overall balance of payments saw a turnaround of the K123.5m deficit in 1983 to K59m surplus.

Reserves had risen K88m to K98.9m by last August—a comfortable four months import cover—from a 10-year low of K17.6m in December 1983. Much of the growth was due to an unusually successful agricultural season—led by the country's peasant farmers, or smallholders, with output up 6.3 per cent. High world prices for tea, Malawi's second largest foreign exchange earner, was a bonus, and, together with tobacco, last year accounted for 71 per cent of export receipts (a record K451m) 59 per cent up on 1983. Earnings were also boosted by shipments of tobacco stockpiled over the 1983 season because of transport problems, and by exports of maize for the third successive year.

The Minister took an altogether more cautious view, however, of 1985 and forecast a growth of 3.9 per cent, in part because of the unusually heavy rains which will reduce tobacco output. But this is far from the sole factor for the country's heavy transport costs and considerable debt service commitments are two further critical issues which will affect the country's overall economic performance.

The most immediate concern affecting landlocked Malawi's prospects is the enormous burden incurred as a result of the disruption of the two shortest routes to the sea leading to the Mozambique ports of Nacala (1,400 km) and Beira (1,600). The consequences are discussed elsewhere in this survey, but it is calculated that the extra expense of the 4,000-km road/rail journey to the South African port of Durban amounted to some K100m in higher freight charges and lower export prices in 1984. No short-term relief is in sight, for even if rebel activity in Mozambique ended, major rehabilitation of the two ports is required, while the northern route to Dar-es-Salaam in Tanzania has to cope with the port's notorious inefficiencies.

Commitment

The second concern involves the country's heavy debt servicing commitments over the next three to five years, running at over 30 per cent of the year's GDP. This, in turn, raises the third issue: the share of government buildings in the development account over the past few years, and in the year to come.

Unsurprisingly the move of the seat of government to Lilongwe (a new capital which unlike its counterparts in Nigeria and Tanzania has been completed on time at reasonable cost) requires a substantial outlay on the state residence. But there are nevertheless misgivings at the fact that the state house in Lilongwe, together with other presidential accommodation, will, when completed, have cost K430m, of which K41m has already been spent, and a further K10m is budgeted for the year 1985-86.

The latter is 6 per cent of the year's K155m development budget, a commitment which is known to have perturbed both the International Monetary Fund (IMF) and the World Bank.

After the high growth between 1967 and 1979 (real GDP grew at an average rate of 5.5 per cent) Malawi was caught up in a combination of unavoidable external shocks and domestic policy shortcomings.

The impact of the second oil price rise of 1979-80 saw the country's fuel bill more than doubled between 1978 and 1981, although actual oil imports declined. The need to find alternative routes to the sea other than Mozambique forced import prices up on average 60 per cent over the same period.

A drought in 1979 and 1980 hit agricultural output at a time when commodity prices fell 30-40 per cent and terms of trade deteriorated by 30 per cent. International interest rates climbed, pushing the external debt service ratio up from 8 per cent in 1970 to 18 per cent in 1980, and by 1981-82 it was around 40 per cent.

On the basis of our 1985 export forecasts, we can manage," says one government economist, "and we would rather pay while we can." The final factor involves the role of the President himself who, it is understood, found the need to reschedule a bitter pill to swallow. In a recent speech, Dr Banda made much

Gross Domestic Product, by sector of origin

AT 1978 CONSTANT FACTOR COST, 1980-85*

	1980	1981	1982	1983	1984	1985
Agriculture	284.1	260.7	278.7	290.6	308.8	318.9
Small-scale	231.2	219.7	216.9	224.7	243.3	247.2
Large-scale	52.9	50.0	61.8	65.9	65.5	66.7
Manufacturing	39.0	42.0	41.8	46.3	101.5	109.0
Utilities	14.1	14.3	14.6	15.8	16.3	17.1
Construction	41.3	34.3	33.6	31.6	111.2	119.3
Distribution	109.3	98.1	94.9	102.6	44.9	49.9
Transport	52.1	47.7	46.8	50.7	53.4	56.6
Financial/Professional	51.4	47.4	47.4	33.9	35.2	37.0
Ownership of Dwellings	32.3	31.7	32.6	33.2	34.3	35.5
Private Social Services	29.1	26.5	21.0	22.2	106.2	112.1
Government	79.0	85.1	89.8	93.9	82.7	88.2
Unallocable Finance Charge	-26.7	-19.1	-19.5	-20.4	-21.5	-22.3
GDP at Factor Cost	761.0	722.7	741.7	775.1	827.6	862.4

* Revised.

Source: EPD, NSD, Treasury and RDM.

Exports by main commodities 1980-85

	1980	1981	1982	1983	1984*	1985†	% Change 1984 on 1983
Agricultural Crops	100.8	99.4	145.8	138.7	193.8	183.7	41.8
Tobacco	29.8	30.6	45.3	55.9	112.5	118.6	101.3
Tea	37.7	36.7	24.3	27.1	29.2	28.2	2.7
Sugar	15.9	10.6	4.6	2.8	2.4	4.8	-17.2
Groundnuts	3.0	3.1	1.7	0.2	0.9	2.1	350.0
Rice	4.5	1.5	0.3	—	—	17.3	0.0
Cotton	1.8	2.7	2.0	9.6	4.3	4.8	-55.2
Pulses (beans, peas, etc.)	193.5	204.6	224.0	232.4	343.1	376.6	47.6
Other crops including	24.8	27.8	25.0	32.8	78.8	68.6	140.2
Manufactures	218.3	232.4	248.0	265.2	421.9	445.4	58.1
Total Domestic Exports	12.7	11.3	7.6	5.4	9.3	10.0	72.2
Re-exports	231.0	243.7	256.6	270.6	431.3	455.4	58.3
Total	231.0	243.7	256.6	270.6	431.3	455.4	58.3

* Estimate. † Forecast.

Source: National Statistical Office Treasury Reserve Bank of Malawi Economic Planning Division

Balance of Payments, 1980-85

	1980	1981	1982	1983	1984	1985
Exports	231.0	257.5	255.5	270.6	431.2	455.4
Imports	258.4	230.9	209.6	232.8	246.4	271.6
Trade Balance	-27.4	26.6	45.9	37.8	184.8	183.8
Invisibles (net)	-180.5	-146.3	-177.8	-207.2	-233.6	-274.6
Current Account	-208.3	-119.7	-131.9	-169.4	-48.8	-90.8
Capital Account (net)	201.6	84.8	65.5	45.9	106.5	90.8
Overall balance before	-6.6	-34.9	-66.4	-123.5	57.7	0.0
Debt relief	0.0	0.0	19.7	69.5	33.3	0.0

* Forecast.

Source: Malawi Government Economic Report, 1985.

of Malawi's creditworthiness and most officials take this as a clear indication that he would not look favourably on a further approach to the creditors.

It may well be touch and go. A decline in world commodity prices, further transport hiccups, an end to the bonus of maize exports (Zimbabwe, Malawi's competitor, has had a good season) could dent the 1985 export forecast of K455m and push debt servicing commitments to an uncomfortable level.

Given that even on the most optimistic assessment, Malawi's resources will be scarce, the country's planners will need to make the most efficient use of what is available. This, in turn, raises the third issue: the share of government buildings in the development account over the past few years, and in the year to come.

Unsurprisingly the move of the seat of government to Lilongwe (a new capital which unlike its counterparts in Nigeria and Tanzania has been completed on time at reasonable cost) requires a substantial outlay on the state residence. But there are nevertheless misgivings at the fact that the state house in Lilongwe, together with other presidential accommodation, will, when completed, have cost K430m, of which K41m has already been spent, and a further K10m is budgeted for the year 1985-86.

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The Government borrowed heavily on commercial terms to help meet widening budget deficits (over half of 1978-81 borrowings of US\$570m was on non-concessional terms, in part paying for the new US\$150m Lilongwe airport) and was starting to pay the price.

The problems to different degrees affected all governments in Africa, and many observers believe that Malawi could have weathered the storm better than it did, but for two main areas in which government policies displayed weaknesses.

Complex

Perhaps the most notable area was the performance of state-owned corporations, an interlocking and complex network of companies, some run on orthodox lines, all pervasive in their impact, and undermining Malawi's boast that it was a free enterprise, market force economy.

The state-owned (parastatal) sector is looked at more closely in a separate article. In this survey, but it includes the Agricultural Development and Marketing Authority (Admarc), the Malawi Development Corporation (MDC), rail and air services, housing corporation and above all Press (Holdings) with investments in most sectors of the economy and whose shares are held by the President himself—as trustee for the nation is the way government officials describe this unusual arrangement.

Drawn into the state's problem to a degree which they have found uncomfortable have been the two commercial banks lending heavily to estate tobacco farms, some of them badly managed (as the article on agriculture points out), as well as other unproductive government ventures.

The parastatals, with weak management, hampered by price controls, undercapitalised, proved a serious drain on the economy and were only kept afloat by government subsidies, the deferring of the payment of debts to the Government, and heavy borrowing from the banking system.

Another serious structural weakness, acknowledged in a frank government report to donors at the beginning of last year, was the performance of the smallholder sector. Although exports grew rapidly during the 1970s, says the report, the growth was dominated by estate (large farm) production. Tobacco and sugar exports grew at an annual rate of 15 per cent while smallholder exports, it observes, "stagnated at 2.6 per cent. Consequently the share of smallholder exports declined by half to 25 per cent over the period. Reliance on tea, tobacco and sugar increased, hence the severity of the impact of the fall in international prices towards the end of the decade on the balance of payments."

The estate's share of agricul-

tural exports, it has been calculated, increased from 35 per cent in 1967 to 65 per cent in 1979 and 80 per cent in 1981-82. Smallholders who were receiving less than the value of their export crops—an effective government tax—moved away from these crops, while the proceeds of the tax went in part to estate development and partly financed government ventures.

By the end of the 1970s, Malawi was in serious trouble. Government deficits rose to an average of nearly 14 per cent of GDP during the period 1978-79 to 1981-82, nearly double the rate of preceding years. Government expenditure over this period averaged around 33 per cent of GDP, compared to 25 per cent in the previous six years. Inflation was running at nearly 13 per cent and the external debt was becoming unmanageable.

It was time to call in the World Bank and the IMF, and by the combination of carrot and stick major reforms got under way. The carrots have included two World Bank structural adjustment loans and a third—between \$50m to \$60m—is in the early stages of negotiation. In late 1979, the Government secured an IMF standby credit of SDR 50m and in September 1983 the fund approved an SDR 100m three-year extended financing facility. Despite some difficulty over programme targets at the end of last year and delay in the drawing of one tranche, the Government appears determined to meet the loan conditions.

The adjustments that have taken place over the last three years have left barely an area of the economy untouched. Price controls have been lifted on all but 20 or so items and the rest will be reduced further, leaving only a handful of basic commodities protected. The parastatals have undergone a major overhaul—though much remains to be done to put Press on a firm footing. Increases in prices received by smallholders have risen substantially (and output has soared as a result). Interest rates have risen, the Government has pursued a flexible exchange rate policy and an external debt monitoring unit has been established in the Ministry of Finance.

Both donors and Malawians agree that the process is not at an end and some fundamental challenges remain, notably the need to diversify the narrow export base, as well as to grips with the rate of population growth (described in a government report as "probably the largest obstacle to an improvement of incomes and living standards").

But when the World Bank chair the constitutional group meeting set for the end of this year, Malawi is likely to find most donors sympathetic to its requests for continued support.

MALAWI 3

Blend of incentive and admonition works

Agriculture
PATI WALDMER

MALAWI, STILL one of the world's poorest nations despite impressive economic progress since independence, holds the distinction of having been the only country in Southern Africa to produce an exportable surplus of maize in drought-hit 1984.

Good fortune had a large hand in this achievement, as most of Malawi enjoyed fine rains while its neighbours' maize fields were parched and dry. But at least equal weight must be given to the Government's success over the past 20 years at pushing a peculiarly Malawian blend of incentive and admonition which has made agriculture in Malawi what it is not in Tanzania or Mozambique—a reliable engine of economic growth.

Agriculture is Malawi, and has been since independence in 1964, when the country's economic planners (chief among them the President, who holds the agriculture portfolio) recognised that few natural resources, Malawi's best hope for growth lay through feeding itself and producing an exportable agricultural surplus to finance development.

Although the engine has stalled from time to time, broadly speaking Malawi's agricultural goals have been achieved: the sector earns 90 per cent of the country's foreign exchange from export (exports totalled K431m (£235m) last year, up from negligible levels at independence) and last year's 7.8 per cent growth in GDP has been attributed by the government to a 6.3 per cent growth rate in agriculture.

Smallholder output led the way, growing by 7.8 per cent last year an achievement which few other African countries can equal.

Over the past few years, the

agricultural sector has shown impressive gains. Peasant sales of maize to the state marketing board, ADMARC, rose 167 per cent between 1980 and 1982, after a 77 per cent rise in the maize producer price (although experts caution that because ADMARC purchases only a fraction of total output, the magnitude of purchase increases does not accurately reflect the underlying rise in production).

Smallholder cotton output also rose by 140 per cent last year over 1983 and peasant tobacco production more than doubled in the same period.

Record receipts

Both tea and tobacco brought in record foreign exchange receipts in 1984, with tea export receipts doubling to an estimated K112.5m, largely because of buoyant world prices. Total tobacco output by estates and smallholders topped 70m kg in both 1983 and 1984 for the first time ever.

However, to meet these goals has required a fundamental shift (prompted partly by some stern words from the World Bank) in the direction of the agricultural policies of the 1970s, which had led by the end of the decade to a situation where smallholder agriculture was stagnant and the estate sector (which provides 70 per cent of all agricultural exports) was in crisis.

By the late 1970s, the combination of high input prices, the end of the decade's tobacco boom and poor management had left many estates unable to service their substantial debts to the commercial banks, which were forced to take the unusual step of appointing receivers to run some estates with advice from the banks' own independent agricultural extension service.

Government planners say Malawi essentially based its choices in the immediate post-independence period: whether to channel scarce investment resources into developing a large-scale, export-orientated estate

sector (with all the attendant social dangers of creating a class of tenant and itinerant labourers), or to concentrate investment in the traditional peasant sector where returns were likely to be much lower.

The former path was chosen: producer prices paid to the smallholder farmer, especially for export crops, were kept relatively low while the large surpluses generated by the export of these commodities were used to develop the estates sector.

Opinions must continue to differ over whether this decision was wise. Government officials argue that heavy investment in estates was the best way to generate the large amounts of foreign exchange needed for development, adding that estates also generated large numbers of jobs and provided a substantial amount of rural infrastructure.

Critics contend, however, that much of the investment was ill-directed to estates with poor financial management where there was a large amount of wastage. They also said that the steady rise in estate employment in the 1970s reflected a serious deterioration in living standards on peasant lands which forced smallholder farmers to seek paid employment on estates.

Whatever the arguments for or against the Government's development strategy it was clear by the early 1980s that there was a widening gap between the productivity of the estates and the smallholders which had to be tackled.

Between 1972 and 1982, sales to ADMARC of the major smallholder export crops fell off sharply. Tobacco sales were halved, falling to 8,800 tonnes from 17,800 tonnes. Seed cotton sales fell to 14,800 tonnes from 22,000 and groundnut sales dropped to a quarter of their 1972 levels (from 39,200 tonnes to 10,400).

The output of tobacco estates, on the other hand (the main beneficiaries of investment in the 1970s) grew by a remark-

able average of 16 per cent per year between 1972 and 1979—although growth tailed off later because of the estates' end-decade financial crisis.

It was the stark gap between relative growth rates, coupled with a realisation of the patious state of the tobacco estates' finances and the deterioration of Malawi's terms of trade, which combined to convince the Government and donors that a radical shake-up of the structure of Malawian agriculture was unavoidable.

Of all the elements of the structural reform package agreed between the Government and the World Bank in 1981, agricultural reform has proceeded the most rapidly. The situation of declining returns to smallholders which prevailed in the 1970s has been reversed.

Pricing balance

In 1980-81, maize prices were raised to K0.11 per kg from K0.065 the previous year, in the interests of guaranteeing food self-sufficiency and an exportable surplus during the years of Southern African drought.

The pricing balance has since been further adjusted to discourage over-planting of maize and to encourage smallholder diversification. A sharp price rise for cotton last season brought in a record smallholder crop, while price increases for tobacco also contributed to a large rise in smallholder production.

The re-organisation of the tobacco export boards have been rescheduled or written off and new management brought in—appears to have been a success, although the relatively soft world market continues to depress profitability.

Underlying these reforms is a fundamentally sound basis of agricultural policy and practice. Fertiliser and other inputs are usually delivered on time, despite daunting transport problems (described elsewhere in this survey).

Essential goods are widely available in rural areas, pro-

viding an incentive for farmers to produce and market a surplus. There is a programme of building up regional strategic food reserves and not least a President whose constant emphasis on the need to grow more crops, is backed by his enormous authority, underlined each year when he spends several weeks formally inspecting crops in all the main farming areas.

Nevertheless, a number of challenges remain for the years ahead. The correct pricing of fertiliser will be crucial to attempts to boost production. While the World Bank continues to insist on elimination of all subsidies, government officials argue that to pass along to farmers the full inflated cost available in the rural areas, pro-

viding an incentive for farmers of fertiliser transport would precipitate a sharp decline in fertiliser use and a corresponding fall in output.

Smallholder yields must rise substantially to meet the needs of Malawi's expanding population. The Ministry of Agriculture estimates that some 85 per cent of the country's arable land was already under cultivation in 1977, with virtually no new land available for cultivation in the southern region or most of the central region, while population continues to grow at about 3 per cent per year.

Greater availability of credit and improved technical packages are required to stimulate the necessary increase in yields. Plans to make available both

Production of Tobacco

	SMALLHOLDERS Sun/air cured ('000 kg)	Dark fired ('000 kg)	ESTATES Flue cured ('000 kg)	Barley ('000 kg)
1974/75	1,689	10,122	14,890	7,997
1975/76	1,794	12,148	16,170	8,500
1976/77	2,222	18,097	19,585	10,241
1977/78	2,261	17,169	20,681	10,583
1978/79	1,834	12,582	25,155	14,982
1979/80	1,244	9,457	26,301	16,686
1980/81	1,330	10,285	19,714	18,804
1981/82	1,182	7,125	22,689	27,502
1982/83	904	11,225	21,635	41,526
1983/84	1,970	16,768	14,173	24,185

Sources: Tobacco Sector Study, Ministry of Agriculture/Ministry of Agriculture, 1983; Tobacco Auction Holdings, Final Crop Estimates 1983/84. Estate production data for 1983/84 are amounts auctioned in 1984.

short and long-term finance to the estate sector for investment in diversification must be acted on promptly to reduce the country's frightening dependence on tobacco and tea for some 70 per cent of export receipts.

Finally, it remains to be seen whether the National Rural Development Programme (discussed separately in this survey) will warrant the major government and donor investments envisaged.

Debate over rural programme

Smallholders
PATI WALDMER

AT THE heart of Malawi's agricultural development strategy lies the National Rural Development Programme (NRDP). It is an ambitious country-wide programme aimed at stimulating the kind of rapid growth in small farmer output which will be essential to keep this crowded nation fed in the years to come, while also encouraging diversification of the country's current narrow export base.

The NRDP, and its ancestors, the integrated rural development programmes of the 1960s and 1970s, have absorbed the majority of government and donor development spending on agriculture since independence in 1964. Donors such as the World Bank, the European Community and the West German and British Governments have spent heavily on various aspects of the programme.

For example, donor funds committed so far to one of the oldest such projects, the world Bank-financed Lilongwe agricultural development division, have totalled a hefty K51m (£28.18m) since the project's inception in 1968. NRDP's allocation from the 1985-86 development budget is K25.5m, or 15.7 per cent.

However, the performance of NRDP so far—measured in terms of concrete productive returns on investment alone—has given some donors pause for thought. It has provoked a

debate over the merits of the programme's integrated approach to development, a concept which has recently come under increasing scrutiny throughout Africa because of the heavy strains such projects place on government recurrent budgets and local management skills, and because the impact on productivity has in general been disappointing.

The thrust of Malawi's rural development strategy has changed considerably since the 1970s, when conventional donor choices in the immediate post-independence period: whether to channel scarce investment resources into developing a large-scale, export-orientated estate

debate over the merits of the programme's integrated approach to development, a concept which has recently come under increasing scrutiny throughout Africa because of the heavy strains such projects place on government recurrent budgets and local management skills, and because the impact on productivity has in general been disappointing.

Throughout the period from independence until the late 1970s, the government focused its efforts on four such comprehensive rural development projects which eventually reached some 20 per cent of rural households.

Capital outlays were heavy, with emphasis placed on the construction of physical infrastructure: roads, marketing depots, clinics, water supply systems and staff housing.

But the Government became disenchanted with the limited scope and high cost of the NRDP, and launched the national rural development programme whose aim, according to the government, was to reach a far greater number of farm families over a 20-year period by scaling down over-ambitious plans for spending on physical infrastructure.

Resources were to be concentrated on services which

would have a more immediate impact on production—provision of credit, extension advice and training to smallholder farmers—although the aim of integrating social and economic development would not be abandoned.

According to the Ministry of Agriculture, "NRDP has produced remarkable results of national importance including attainment of food self-sufficiency and improved food security, increased production and export of various smallholder-produced commodities."

More cautions

Donors are more cautious in their assessment of the programme, pointing out that it is virtually impossible to isolate the impact of NRDP itself from the effects of powerful macro-economic variables such as pricing changes (which have radically altered smallholder output patterns in recent years).

Both donors and the Government would agree that reaching any objective assessment of NRDP is extremely difficult. This is because many of the programme's benefits are not easily quantifiable, the impact of a village borehole for example.

For most donors, the bottom line must show not only improvements in the quality of life, but a concrete production

increase income to finance the project when external funding ceases.

Donor evaluations of two of NRDP's longest-running projects—the World Bank-funded Lower Shire valley agricultural development project and the EEC-financed Lakeshore development project—have shown a disappointing "bottom line."

According to a recent World Bank Impact Evaluation Report on the Shire Valley scheme, which concentrated in its early stages on stimulating cotton production, cotton output actually declined during the 15-year life of the project and production of alternative crops remained static.

The report sharply criticises the Bank's own role in the project, arguing that Bank personnel failed to recognise serious design flaws in the programme.

Most donors would agree that, given the scarcity of reliable information on the programme, no definitive conclusions on the success or failure of NRDP can yet be drawn. It has its clear triumphs—credit recovery, for example, which averages a remarkable 90 per cent or higher. And even the World Bank's largely negative assessment of the Shire Valley project is at pains to point out that the facilities provided by the project "had an obvious and much appreciated impact" on living standards.

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MALAWI 4

External road and rail links deteriorate

Transport
PATTI WALDMER

NO SINGLE factor places a greater strain on Malawi's prospects—and more effectively highlights the difficulties of developing this vulnerable, landlocked economy—than the fact that the country has been virtually cut off from both its traditional trade routes to the sea for over a year.

Transport disturbances caused by rebel activity in neighbouring Mozambique and the deteriorating condition of rail lines in that country have been a nagging problem for industry and government since at least 1980. By 1983, the country faced a major transport crisis as attacks by guerrillas of Mozambique National Resistance (MNR) closed the rail line to the Mozambique port of Beira, (1,600 km away) which formerly handled over half of Malawi's trade.

When the chief alternative route, to Nacala in Mozambique (1,400 km) also closed last year because of insurgent attacks and poor track conditions, Malawi was left almost wholly dependent on foreign hauliers (the country has only a small domestic road haulage industry), to transport goods at heavily inflated costs to the South African port of Durban, some 4,000 km away by road and rail.

Disrupted

Hardly a sector of the economy has remained unaffected. Import costs have risen sharply and supplies have been disrupted. Exports are struggling and in some cases failing to remain competitive on world markets.

Company balance sheets are under strain from the cost of holding high inventories of imported inputs, the country's balance of payments has suffered a serious setback. Transport ministry officials estimate that the closure of the Beira and Nacala routes cost some K100m (\$52.5m) in higher freight charges and lower export prices last year, although indirect costs to the economy were certainly much higher.

Fertiliser which cost K30 per tonne to import from Beira in 1983 now costs an average K100 (\$33.92) per tonne (1983 prices) for delivery along alternative routes. The transport component of import costs has nearly doubled since the late 1970s, rising from a 20-25 per cent average to 35-40 per cent last year.

Business and diplomats agree that the Government has responded quickly and efficiently to the crisis. In 1982, when an entire season's supply of fertiliser was trapped at Beira by guerrilla attacks on the line of rail, the Government acted swiftly to arrange a credit and transport package with Pretoria to bring fertiliser in through South Africa and avert a major crop disaster (although deliveries were still late in many areas).

Scarce transport has in most cases been allocated to priority sectors and the government has effectively rallied donors behind a programme to build up a domestic transport fleet (with the help of foreign private capital) and increase fuel storage capacity within the country. In addition, a new northern transport corridor has been

opened up with the completion in record time last year of a British-aid financed link road between Karonga in Northern Malawi and Tenda in Tanzania, where goods join the road and/or the Tazara rail line, to the port of Dar-es-Salaam.

The northern route trims some 2,000 km off the trip to the sea. But sections of the road are of very poor quality and many exporters and importers are reluctant to rely on a rail line and port which are notorious for poor management and delays.

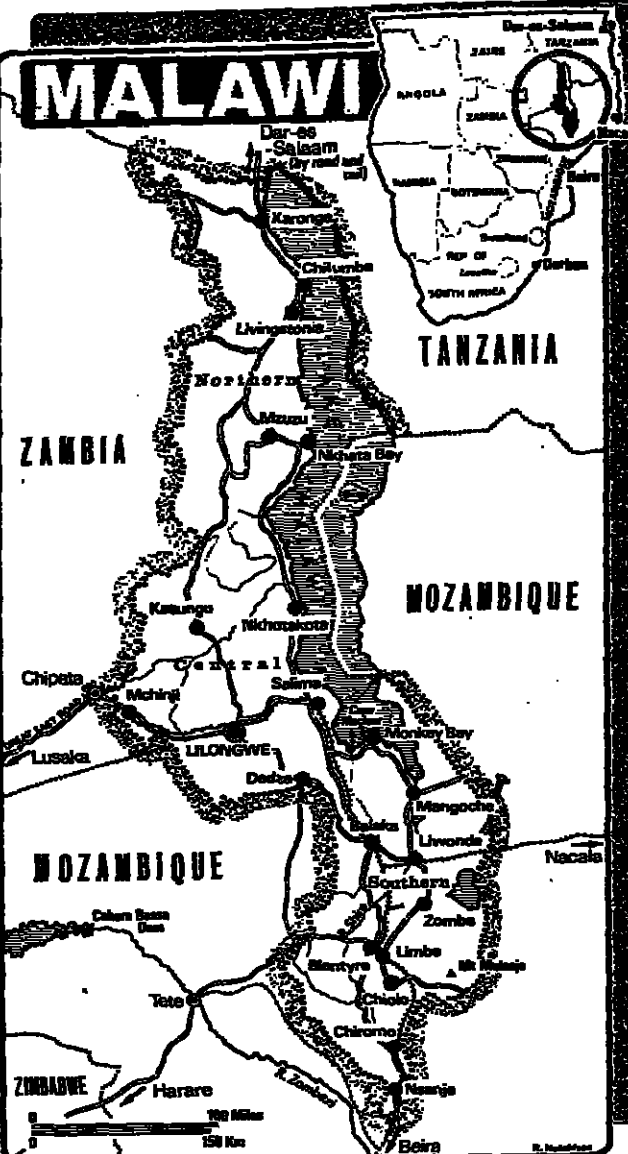
Of the alternative trade routes on which Malawi now depends, none can be said to be reliable. The flow of Malawian goods by road and rail through Zambia to and from South Africa is frequently interrupted by transport bottlenecks in Zambia, where economic recession has led to a shortage of lorries, spare parts and locomotive power. Zambia also levies high charges on goods in transit to Malawi.

Supplies of fuel from Zambia's Ndolo oil refinery have been cut off from time to time when the refinery has run short of crude, causing serious shortages in Malawi and Malawian goods. Moving by road through Tete in Mozambique on a route which leads via Zimbabwe to Durban, continues to come under guerrilla attack despite the fact that the Zimbabwe army guards the Mozambique segment of the route.

The tobacco and tea industries, which together account for some 71 per cent of foreign exchange earnings, have seen profitability eroded by escalating transport costs which have depressed the prices of both products on Malawian auction floors.

The tea industry, enjoying a mini-boom because of what have until recently been record-high world tea prices, has fared best, with prices favourable enough to merit limited airfreighting of tea.

For the tobacco industry, whose finances remain precarious because of the heavy debts incurred in the 1970s and a weak world market, the port dislocations have proved a serious blow to the sugar industry. They have precipitated a crisis as transport costs have escalated beyond the current depressed world market price for sugar, making it uneconomic for Malawi to export outside its quota markets in the U.S. and the European Community.



Stocks built up

With limited further amounts going to regional markets and to meet forward contract sales, massive stocks have built up—some 131,000 tonnes were held at the end of last year (of total annual production of 156,000 tonnes).

Although stocks have since fallen to 86,000 tonnes—and the viability of the K70m \$38.67m Dwangwa super project is in doubt. The project has been forced to seek a rescheduling of its external debts twice already and it is believed that the Government may soon have to take over servicing of

Dwangwa's remaining debt, estimated at some K50m, or see the project go to the wall.

The Malawian textile industry, which earned K5.7m from exports last year, has also been hit by high freight costs, coupled with sharply higher import duties (duty is calculated on the inflated, CIF cost of the import). Exporting textiles, which previously yielded marginal profits, have now become a break-even proposition.

Even if the security situation in Mozambique were to improve suddenly, rehabilitation of the Nacala and Beira lines would still take a number of years. Guerrilla attacks have recently halted rehabilitation work on the container terminal at Nacala, and a French-Canadian-Portuguese consortium now carrying out the U.S.\$300m rehabilitation of the rail line to Nacala also believed to be considering withdrawing its personnel.

Measures taken to reduce drain on economy

Parastatals
MICHAEL HOLMAN AND
PATTI WALDMER

A MAJOR overhaul of Malawi's state-owned corporations (parastatals), which by the end of the 1970s had become a serious drain on the economy, is a key element in the World Bank structural adjustment programme, and one which is closely monitored by the IMF.

The government party and the President himself in the first 15 years after independence played an increasing role in economic affairs through a group of corporations whose activities covered agriculture, commerce and industry, utilities

and housing.

The group included the Agricultural Development, Marketing Authority (ADMARC), the Malawi Development Corporation (MDC) and Press (Holdings), as well as Air Malawi, Malawi Railways and the Malawi Housing Corporation.

All to various degrees suffered from a deteriorating management sometimes appointed on political considerations rather than merit, and whose investment decisions reflected this. The corporations also operated in an unsatisfactory business climate in which scores of items were under price controls. Much of the corporations' borrowing was not subject to normal loan criteria and government subsidies were extensive.

The first step towards reform took place under the World Bank's first structural adjustment loan in 1981. Tariff increases eased the position of Air Malawi, the railways and the Electricity Supply Commission (ESCOM). ADMARC became the subject of a wide-ranging management study, and in the interim the Government established the Department of Statutory Bodies to oversee and co-ordinate the sector.

Also high on the list was MDC, which provides an illustration of the way that parastatal reform has taken place. By the end of the 1970s, according to deputy general manager, Mr R. E. Kamphale, MDC had lost sight of its principal purpose: "to promote and develop commercially viable projects using sound business principles."

Over extended

The company was seriously over-extended financially (its total indebtedness was equal to nearly three times the corporation's equity capital), management was poor, and head office overstuffed. In 1982 and 1983 losses totalled K2.5m and K2.75m respectively.

Under the terms of the World Bank programme, head office staff was reduced by 30 per cent, top management replaced (with an expatriate general manager brought in with funding from the European Community) and some K5m was realised from the sale of shares in unprofitable portfolio companies.

In addition, MDC carried out a further rationalisation of its

investment portfolio by means of a share swap with ADMARC and Press Corporation. Largely as a result of the rationalisation programme carried out in the latter half of 1984, MDC last year improved sharply its financial position, recording profits of \$6.5m on 1984 income of K12.2m.

Despite this improvement MDC continues to be unable to service fully its foreign debt. Forcing the Government to take over most of its foreign loan service. (The corporation contributed 15 per cent of its debt commitments in 1984, and expects to cover similar amounts this year.)

Such was its position that little over a year ago one authoritative report, noting that Press was insolvent, warned that its debts to the commercial banks and ADMARC are such that these institutions would also be threatened with bankruptcy if Press were to go under.

Details of its current position are difficult to obtain, although outsiders believe that progress has been made. The major restructuring involved the creation of a new agricultural subsidiary (Press Agriculture Ltd), minority holdings to be placed in an investment trust and eventually sold off, and the Government to take over the claims against Press by the commercial banks and the external creditors, according to the same report.



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MALAWI 5

Leader with bulldozing convictions

THE LIFE PRESIDENT did not show his 80 or more years. He looked fit and alert, often chuckling in the course of exchanges but occasionally revealing flashes of a character which leaves most of his ministers in awe.

Dr Banda confined himself to two broad themes: his campaign against the Central African Federation of Nyasaland (as Malawi then was) and Northern and Southern Rhodesia, and his determination to make the most of Malawi's unrecognised agricultural potential.

In both he has enjoyed success: the Federation formed in 1953, lasted barely a decade, and the country's peasant farmers have been the mainstay of the economy.

Even by African standards, where many of the continent's leaders have come from humble origins and battled against adversity, Dr Banda's story is remarkable. Born in Kasungu district in central Malawi soon after the turn of the century, Dr Banda was barely a teenager when he decided that his Presbyterian-run "school" (an open air class held under a Kachere tree, today the site of a national monument) would not satisfy his curiosity about the outside world.

Like many of his countrymen, he began the long migration south to the farms and mines of Southern Rhodesia and South Africa but an early job as a hospital orderly in Salisbury (now Harare) whetted his appetite for medicine.

A spell in the South African mines followed before Dr Banda enrolled for a teaching diploma at Lovedale College, in South Africa. It was the first of a series of colleges and universities in the U.S. and Britain—where he studied medicine at Edinburgh—from which he emerged as a highly qualified doctor who was to practise in Liverpool and North Shields during World War II, moving to London in 1945.

The turning point in an already exceptional life came in 1953 with the formation of the Federation, seen by Dr Banda and other nationalist leaders as an attempt to consolidate white settler domination of the three territories, and as an abrogation of Britain's role.

Outraged, he left England for Ghana, but in 1958 returned to Malawi to lead a tumultuous campaign of fiery opposition to federation. Within months of his return the colonial authorities declared a state of emergency and, in March 1959, Dr Banda was flown to the Rhodesian town of Gwelo, where he was detained for a year but released when it



had become clear that Nyasaland was ungovernable without him.

At the 1961 elections the Malawi Congress Party swept the board and in 1964 Malawi was independent.

From the start Dr Banda set himself apart, infuriating other African leaders by calling for dialogue not confrontation with South Africa, increasingly scornful of the Organisation of African Unity, and dominating his party in a fashion which brooked no opposition.

The country today is perhaps the most conservative in Africa, where some of the manifestations of the changing outside world are kept at bay.

The interview began on an uncontentious note: What did the President see as his main achievements since independence?

Answer: I think two—unity and the improvement of the standards of living of the people. I should probably go further and explain the first. As you know, in Africa no matter what country you visit there are tribes. There is no such thing as just a nation.

Nations in Africa are made up of tribes, and we were here divided. I am a Chewa myself from Kasungu in central region, which is the largest single group. But to the north are Tumbuka and Ngoni and others.

"When I came back home I said, 'Look, you have called me here to get rid of this Federation and give you your own government. But there are certain things you have to do first, and the first of these is to achieve unity. Unless you agree to that I am going back to Ghana to practise medicine. I do not want to live among a collection of quarrelling tribes.' That was my phrase."

Q: When you left Britain in

IT WAS for the first time in 15 years or more, so the officials said, that the President, Dr Banda (left), had agreed to meet a journalist. When he spoke (writes MICHAEL HOLMAN) in the panelled conference room in Sanjika Palace, set amid green lawns overlooking Blantyre, the President himself stressed that the occasion was unusual. "I do not see journalists for certain reasons," he declared, "but by and large The Financial Times has not been against us as some papers have been."

That said, the President nevertheless made it clear that several of the proposed questions were unacceptable. The 45-minute "audience," as his officials described it, excluded many contemporary issues. The President declined to discuss the internal security problems in neighbouring Mozambique which have cut off Malawi's shortest routes to the Indian Ocean, events in South Africa—with which Malawi has diplomatic relations—or the role of the Organisation of African Unity.

1953 it was out of disgust over the creation of the Federation, which you opposed?

A: I was not disgusted, I was furious, angry, and I will tell you why. For years and years the British had said they were here in Nyasaland not to rule us forever, but only to guide us until the time we would be in a position to rule ourselves. But here were the same British handing us over, hand and foot, to European settlers. No, I was not going to swallow that.

So I closed my surgery in Willesden and went to the Gold Coast (today Ghana), and swore that if my people in Nyasaland accepted federation I would never set foot on the soil of Nyasaland. But it at any time the regime their courage to fight the Federation then no matter what I was or where I was, I would give up everything.

Q: The man whom the Zambians call "destroyer of Federation" once jailed by the colonial authorities, visits Britain this month as a guest of the Queen. The wheel of history has turned—what episode stands out for you?

A: When I was aroused by a very loud knock at the door (Nyasaland, March 1959), at five o'clock in the morning, and picked up in my pyjamas. They (the police) were so frightened, they did not want to give me a chance to dress. It was not until Chilika airport (Blantyre) that they gave me my clothes, two minutes before flying to Gwelo (in Southern Rhodesia), where Dr Banda spent a year in detention. That is the episode.

Q: Any other episode that stands out?

A: My release from Gwelo. Again, it was five o'clock in the morning. There was a knock

were at our worst here, we were much better off than other countries.

At least we eat, and even in the remotest parts everybody is decently clothed, and every year people are demolishing mud and thatch houses and building a brick house with corrugated iron sheets for the roof. And it is not just town dwellers. People with money are not in the cities, but the farmers in the villages. It is far more profitable to be a farmer.

Q—There is considerable debate about where agriculture in Africa has gone wrong, yet Malawi is self-sufficient in food and has sustained export crop production. What lessons does Malawi have to offer?

A—If I have any message or lesson it is this. In Africa to me it is absolute stupidity, not wrong but stupidity, to use state agriculture. It must be ordinary farmers, individuals. Local people must be allowed to have a plot of land, under the traditional system, but with state agricultural officers to teach them how to use that land properly. That is the system here.

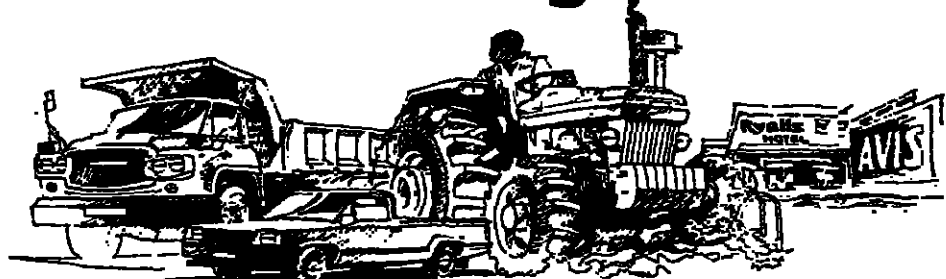
The small farmer is my first concern. Not the big farmer, they can look after themselves. The small farmer is my main concern. I must see to it that he is supplied with whatever is needed, because over 90 per cent are small farmers.

Q—Do you look back on any policy you have adopted and say to yourself: I wish I had made a different decision?

A—No. Not at all, just the opposite. I have no regrets whatever. Everything I planned to do, I did, and it became a success, even when others were doubtful. You see, I am a man like this: if I am convinced within myself that this is the right thing to do, no matter who opposes, I go ahead. It's a bulldozer.

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Tourism
PATTI WALDMER

WHETHER one is after the mundane pleasures of sunbathing on a palm-lined beach next to Malawi's placid inland sea, or the more esoteric pursuit of rare wild orchids among the exotic flora and fauna of the Nyika Plateau, Malawi—in the words of one early explorer—"puts one in mind of paradise."

From the rustic Ku Chawe Inn, which commands a breathtaking panorama of the plain

from its perch on the 2,133-metre Zomba Plateau, to the tastefully-designed Capital Hotel in Lilongwe, accommodation is comfortable and pleasant.

While scenery covers the gamut from alpine highland to savanna, tropical lakeshore, the human landscape remains somehow consistent: Malawians, as a nation, are open and hospitable, with it, appears, a genuine interest in the foreigner.

Despite its charms, Malawi remains an out-of-the-way destination for most of the up-market European/American long-haul crowd, with the bulk of its visitors still coming from

neighbouring Zambia, Zimbabwe and South Africa.

While a limited amount of tourism development is going on plans are in hand to construct a 150-room hotel at Cape Maclear, which just juts out into the sparkling waters of Lake Malawi, and two other lakeshore lodges are now being renovated—it is difficult to avoid the conclusion that Government's heart is not really in tourism promotion.

The 1985-86 budget makes scarcely a mention of tourism as a revenue spinner.

Government officials explain this apparent ambivalence this way: Malawi is a conservative (not to say puritanical) country, which values the sense of cohesive national identity forged, in large part, by the powerful personality of the late President.

"We're not sure we're prepared to risk the destruction of that identity for the benefits that tourism would bring," says an official.

In short, there is little evidence that Government has a firm strategy on how to compete.

Too small and isolated to go-it-alone in the long haul market, Malawi's choice is either to piggyback on to package tours to Zimbabwe or South Africa, or to draw on the regional pool of tourists from neighbouring countries.

Very few piggyback tours are targeted at the wealthy U.S. market and those which originate in Britain—24 days in South Africa—and Malawi are on offer for £2,108, and 17 days in Malawi and Mauritius for £1,383—are well beyond the reach of most European tourists.

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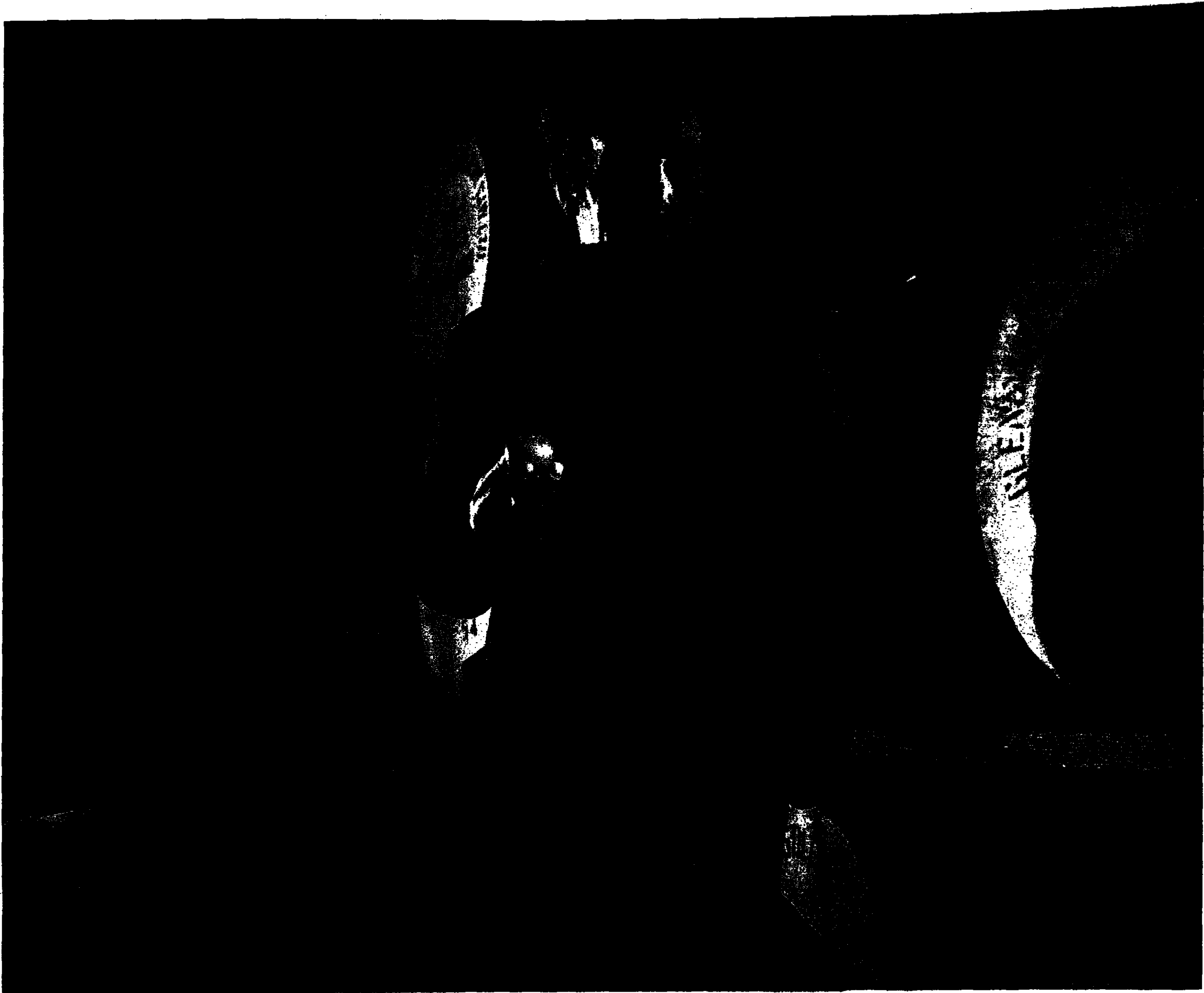
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TECHNOLOGY

WIND POWER EVALUATION PROJECT

'Egg beater' takes the air

BY ELAINE WILLIAMS

A VERTICAL axis wind machine, one of the two principal kinds of wind engine under assessment by the UK Department of Energy, is now under construction at Carmarthen Bay in South Wales. The project, which is part of a DOE programme to evaluate the potential for wind energy in the UK, will cost some £3.5m.

Vertical axis machines have an action reminiscent of a giant egg beater whirling through the air; horizontal axis machines, on the other hand, are like traditional windmills; they resemble giant aeroplanes on their backs.

Since the late 1970s, the Department of Energy has been carrying through a wind programme comprising two major projects. A 20-metre rotary or horizontal axis prototype was completed in September 1983 at Burger Hill on the Orkneys. A larger 60m diameter machine will be ready later this year. These machines have been built and partly funded by the Wind Energy Group which is made up of British Aerospace Dynamics, Taylor Woodrow Construction and GEC Energy Systems.

In the rival camp, championing the new vertical axis machine, is a consortium led by Sir Robert McAlpine and Sons, NEI Cranes and the CAP computing services group. By the end of the year a 25m diameter bladed machine will be in operation. It will be under evaluation for two years by the Energy Technology Support Unit, at Harwell working on the DOE's behalf. Vertical Axis Wind Turbines, a company jointly owned by Sir Robert McAlpine and Sons and Northern Engineering Industries, will build the prototype.

The McAlpine machine has two 25m blades which will allow a generating capacity of about 160 kw. As the wind speed increases, the angle of the blades shifts as they sweep through the air. In very strong winds, the carbon fibre blades are fully vertical, in which state they will not stall or run out of control.

At every position, the wind machine is monitored by a system developed by CAP. Three Digital Equipment FDDP11 computers log signals from more than 200 sensors placed on the structure taking measurements of stresses, wind conditions and vibrations. If any sensor should detect stress exceeding specified limits, the computer system will automatically shut down the turbine.

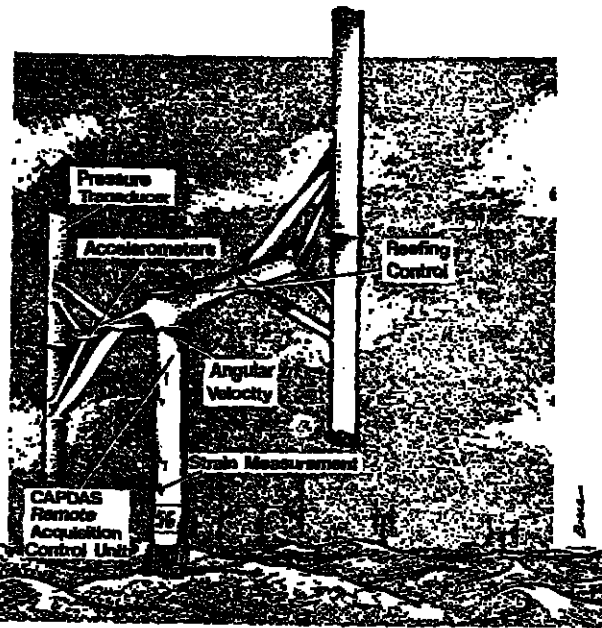
The CAP data acquisition system incorporates extra micro-processors for control and uses optical fibres to carry data around the system. Optic fibres are used to reduce the danger of damage to electrical equipment in case of a lightning strike.

Experience gained on the Carmarthen Bay prototype will be used to design another vertical axis machine four times the physical size for completion in 1988.

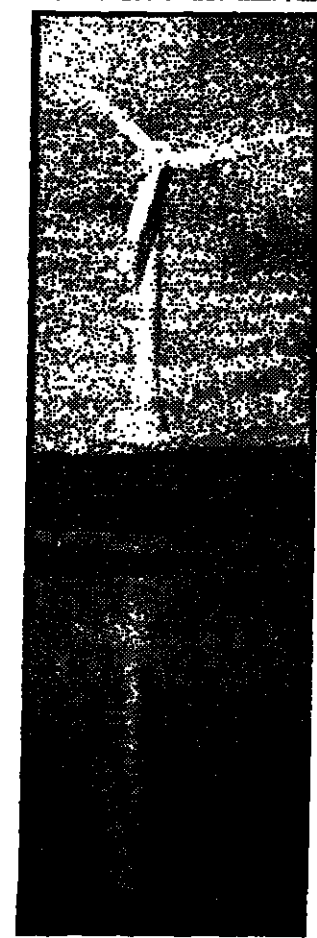
However, the consortium hopes to have at least one commercial machine in operation before then. It has obtained planning permission to build a medium sized vertical axis wind machine at Mount Tadden on the Isles of Scilly.

The hope is that both consortia will be able to export their wind turbine technologies before the end of the decade. But competition is fierce. Japan, Sweden, West Germany, the U.S. and even China have long standing, and well developed, national wind energy programmes.

Even in the UK, another British engineering company, James Howden, has already had export success selling a number of 330 kW machines to American electricity utilities including Southern California Edison.



Above, artist's impression of a vertical axis machine; right, a Howden horizontal axis aerogenerator



'The cinema really is the place to see a film'

Video & Film

BY JOHN CHITTOCK

ONE OF the declared aims of British Film Year—which starts in earnest next month—is to make the public realise that "the cinema really is the best place to see a film." The justification for this statement hardly needs explanation—compared to a television screen, film projection in a cinema yields sharper, bigger and better graded pictures (although rarely brighter ones). In most auditoria, film projection also yields better sound quality—although television and video sound reproduction is improving progressively.

The other major aim of British Film Year is to increase cinema attendances. Latest annual figures show a further drop of 20 per cent, but the decline of the cinema as a visual experience of magnitude is perhaps more poignantly expressed by the fall in the number of UK cinemas with a seating capacity exceeding 2,000—in 1982 there were 207; now there are three.

The only platform on which the cinema can effectively argue its case with the public is one of quality—in the environment of the auditorium and the technical excellence of those pictures on the screen.

As far as the auditoria are concerned, some steps are being taken to improve comfort and facilities. The real need facing British Film Year is to educate or motivate the public in matters regarding the fidelity of images on the screen. Since more people now see feature films on video in one week than attend the cinema in one year, it is clear that the general public care little about the niceties of picture quality and impact when set against the convenience of freetime viewing.

Even the television industry recognises the public's general insensitivity to the quality of its transmitted pictures. Extraordinary care is lavished by the broadcasters to achieve optimum picture quality; the TV industry has even established standardised viewing conditions for checking picture quality—where ambient room lighting, screen brightness and colour of the surrounds are all specified to avoid any distortion in results.

The typical household, however, is viewing its television pictures under conditions rang-

ing from average to appalling. Technically, British television is capable of yielding quality possibly better than any other system in the world—but rarely is that quality achieved in the home. The problem is partly due to badly adjusted sets, inadequate aerial systems or incorrectly sited aerials, and many people might be surprised at the improvements possible if an engineer visited their home for just one hour.

They only might be surprised because still too many do not recognise good quality when they see it. For British Film Year, this message ought to be the cutting edge and the unique selling point about the cinema—far more important than the social ambience of an auditorium. Unfortunately, the public's preferred viewing medium for films—video—is regarded by some people in British Film Year as a slightly unsavoury word and this opportunity has not been seized to try to educate the public in the differences between cinema and TV viewing.

Yet the cinema continues to make strides in presenting a visual experience that television could never match. Anyone wishing to see almost the ultimate example of this should pay a visit to the National Museum of Photography, Film and Television in Bradford, where a 70mm Imax cinema now operates. The Imax system uses 70mm wide film which runs through the projector horizontally, yielding an exceptionally large frame size projected on to a screen that towers over the audience, it yields pictures of extraordinary realism.

The National Film Board of Canada is currently producing a 3D Imax film (using a stereoscopic pair of 70mm films) which will yield, perhaps, the ultimate cinema experience. In the meantime, the Bradford Museum changes its programme this June to bring in a new Imax film shot on the U.S. space shuttle; advanced clips I have

seen of this promise a spectacle that television and video viewers could never even imagine—least of all if the conventional cinema is unfamiliar to them.

The paradox about the technical experience which only the cinema can offer is enshrined in that statistic of a mere three auditoria left with 2,000 seating capacity. Cinemas and screens are getting smaller and smaller. How long before the differences in television and cinema viewing are indiscernible to an indiscriminating public?

If British Film Year is doing little to educate the public in the technical impact of images, it is trying to educate our children and teachers in the cultural value of film. Some 2,000 schools are being circled with study guides about specific films, and additional guides have been prepared for teachers. The aim is to reach its children during the Year.

The ideas behind this educational programme are important because they help to delineate how film is different from, but no less worthy than, literature. An example of this approach in pointing out that the novel of *A Passage to India* spans 300 pages and takes at least two days to read; but the film lasts only 163 minutes. This poses an interesting thought for the inquisitive child—something has happened in the transition from print to moving image, a statement which leads to all manner of written classroom exercises that provoke deeper consideration of film and literature as different media.

There is, however, another irony. The study guides will be distributed to schools in accordance with the cinema release patterns of the film in question. For those unable to see the film—because there is no local cinema—the guides are on the wrong circuit—would it be such an outrage for pupils to view the material on video; in the convenience of their own classrooms, with an opportunity to stop the film and study various sequences at leisure?

Which in turn could spawn a new study guide—on the differences between video and the cinema. For the next generation, brought up on video, regrettably such an exercise could assume historical overtones.

Finance

The bank in your pocket

AND NOW, the bank in your pocket. Citicorp, parent of Citibank, the world's largest, is testing a palm-sized personal computer (terminal) that will let people around the U.S. do business with the New York based company without the need to enter a bank.

The new terminals, about the size of a pocket calculator, can be plugged into a telephone and allow a customer to check his balance, transfer money between accounts, look up recently written checks and pay certain bills. No charge for the terminal has yet been decided.

Information Expert

A COMPUTER program which warns executives when their company is not performing to plan and gives advice about the probable reasons for the slippage has been developed by Intelligent Environments of London. Called "Trigger," it is an expert system, a program with a measure of reasoning built into its operations so that it can take a "human-like" view of data presented to it.

What is more, the company claims, the system learns progressively more about what it is supposed to do, the more it is used.

Safety

Rescue

THE OLD "breaches buoy" method of saving lives at sea seems to have been the inspiration behind a new method of evacuating people from offshore platforms during emergencies.

Devised by GEC Mechanical Handling, it consists of a capsule for 16 people which travels on two wires between the rescue ship and the platform. A third wire gives control signals to the system.

Two hundred people can be evacuated in 75 minutes, GEC says. Full scale sea trials were conducted recently at the Stafford field in the North Sea.

Look at Lovell FOR CONSTRUCTION

Engineering

Lasers

LASERS can be used to provide a constant "reference line" for the measurement of large engineering structures. Lasercheck of Burnham in Buckinghamshire has developed a system which combines a low powered industrial laser and movement detectors to give a system which, the company claims, will give a resolution of 0.2mm over distances of up to 100m.

The movement detectors are attached to the structure and the laser beam is led round the structure by prisms and mirrors. Any movement of the detectors relative to the beam is instantly picked up. Using this method, Lasercheck reckons to be able to survey bridges, buildings, tunnels, dams, diaphragms and retaining walls, slag heaps and offshore structures.

Data systems

Growing

CORPORATE computing will grow at an average annual rate of 37 per cent by 1990 according to Input, a London-based computer and communications research firm.

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Computing

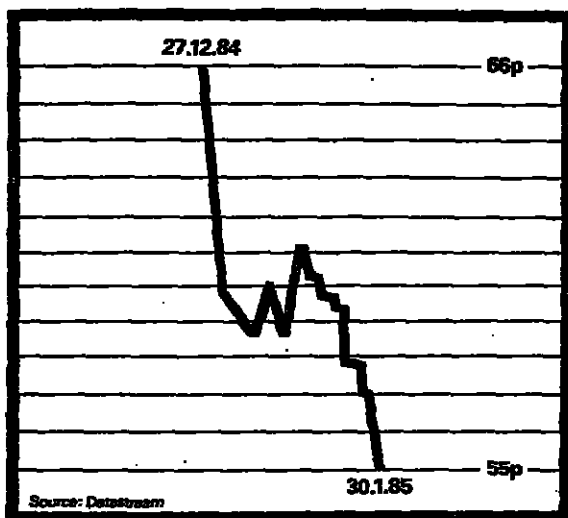
Protection

NO DATA centre should be without a copy of the first of a series of guidelines to the 1984 Data Protection Act published by the Data Protection Registrar.

It includes a general introduction to the Act and guidance to data users and computer bureaux on the way the Act applies to them. Copies can be had from the Registrar in Wilmslow, Cheshire.

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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Clearing banks

Trying hard, still learning

BY WILLIAM DAWKINS

JUST OVER a year has passed since Britain's clearing banks came under fire in a government report for failing to assist their small business customers adequately.

Little has changed since then, believes Hugh Aldous of accountants Robson Rhodes, authors of the Department of Trade and Industry-sponsored study on the Loan Guarantee Scheme. "Some groups of managers are beginning to emerge who have an understanding of the tremendous problems of young companies," he concedes. "But the majority still doesn't appreciate the importance of a proposal being both commercially thought out and appropriately backed."

The report elicited a fiery reaction from the banks, which pointed out that while they were still on an upward learning curve, they were playing an increasingly constructive role in the development of small businesses. Elsewhere on this

page, a manager from each of the four big clearing banks further evidence of how the banks' small business policies are changing.

Robson Rhodes' chief allegations were that bank appraisal techniques were patchy and placed too much reliance on work done by others, that most bank managers saw their small business clients as unworthy of the disproportionate amount of time which they can command, and that many managers were more interested in keeping up the volume of transactions through their branches than giving small companies the special attention they need during their vulnerable early years.

Stan Mendham, chief executive of the Forum of Private Business, says: "They still haven't got to the point of fully training their managers to understand our problems." Monitoring is a particularly weak area, he claims. A survey of the

forum's 5,000 members conducted in 1981 showed that 85 per cent of them had not been visited by their bank manager for six months, and Mendham believes that the result of a similar poll to be conducted later this year will not be very different.

The fault lies partly with the small businessmen themselves, admits Mendham, who argues that they tend to be unnecessarily frightened about approaching managers. "The small businessman still looks at the bank manager as something other than a supplier of money. If he gets his attitude to the bank manager right, it will help the bank manager get his attitude right to the small businessman," requires more from small business borrowers. He tends to concentrate more on the commercial soundness of the proposition and the proportion of debt to the equity in the business. "Someone who is prepared to put some of his own cash into the business is very impressive," he adds.

Existing borrowers are normally asked to submit monthly management accounts in the early stages and always expected to inform the bank immediately of any variations from the original budget. "The problems are not always what they think," says Dodson. One frequent source of difficulty, he says, is managers' failure to understand the crucial difference between profit and cash flow.

"A surprising number of people feel that if they make a profit, it goes straight through the business and is there to spend. They don't appreciate

of branches, mean new policies can only be implemented slowly.

Career structures with an emphasis on shifting personnel every couple of years make it hard to achieve continuity when it comes to appreciating the individual problems of small business customers. The chances are that a successful branch officer will quickly be promoted to a managerial job far removed from what he has learned to do best: lending to clients.

Says Aldous: "They are structurally bad at generating any kind of specialisation. In that sense, the clearing banks are private sector carbon copies of the civil service, where you get a gifted amateur spending two years in any one job. They bowl along from one thing to the next without any training in the real world."

Banks have also been repeatedly criticised for being too willing to lend if some security, such as one's per-

sonal assets, are offered, and not willing enough to take risks when it comes to lending to good commercial propositions with only a little asset backing.

The latter criticism points to a widespread misunderstanding of the logic behind the banks' lending activities. Their prime interest has to be in ensuring that loans are repaid. So the banks' ability as lenders (as opposed to investors) to take risks is limited by the fact that they get no direct reward for their customers' possible success, apart from the chance that they will grow into bigger, better quality clients.

Graham Hancock, a small firms' management consultant and author of a study comparing UK and German banks' attitudes to the sector, explains: "You can't expect a large bureaucratic organisation like a clearing bank to behave like a Californian venture capitalist. It's not fair to berate the banks for not doing things which they can't do."

Armitage: "All of the banks have come to realise that they have got to be more commercial. There is always somebody somewhere prepared to do it, whether it be Barclays today or us tomorrow."

A tougher line

"A LOT of small businessmen believe that if they can provide security, the bank will lend. We are not glorified pawnbrokers."

Stern words from John Kerley, deputy manager for three years at Lloyds Bank's branch in Corn Street, Bristol. They give an important clue as to why the bank is attempting to be increasingly discerning in its lending to small companies and is taking a tougher line over the kinds of risk it is prepared to accept.

Thirty-nine-year-old Kerley believes Bristol is an over-banked City. With two-thirds of his new customers coming from other local banks, he might easily be tempted to take on more marginal propositions in an effort to keep up lending and deposit volumes, which by his own admission are advancing at an unexciting pace.

Instead, the branch is being cautiously selective. "We are looking for businesses with prospects, which could benefit from the corporate expertise that we have at this branch," he says.

This is partly because of the experience of the late 1970s, when Lloyds and other banks "fell victim to the numbers game" only to suffer from a spate of bad debts a few years later. Chastened by that lesson, Lloyds in Bristol now takes a far more critical look at prospective borrowers' business plans.

"We are now testing the figures, rather than taking them at face value as we did a few years ago," says Kerley. "We try to take off the businessman's rose-coloured spectacles and make him look at the prospects more realistically."

The handful of high technology businesses that his branch has lent to have had their plans tested by the Cranfield Institute of Technology's appraisal scheme. Other customers come from a broad range of sectors, including engineering, construction, retailing and farming, with five management buy-outs joining the books in the past year.

Lloyds' more discerning policy has also been extended to existing customers in the sense that staff are spending more time on monitoring and giving corporate advice to borrowers in trouble. The average customer is visited twice annually, and the



John Kerley

branch likes to run through management accounts monthly for new loans or quarterly for established borrowers.

This has not surprisingly driven up the branch's running costs, which it has tried to recoup by introducing fees for ancillary services like arranging loans. One spin-off has been a virtual stop in Loan Guarantee Scheme lending, though demand has also dropped since the premium was raised by two points to 5 per cent last summer.

Supportive role

ONE OF the most important services that a clearing bank can offer is that of a "connector" between small businesses and sources of venture capital, says Mike Hillyard.

As a manager in Barclays' Bene's Street branch in Cambridge, Hillyard is an example of an unusual breed of clearing banker. For Barclays, as high-lighted in a recent report, The Cambridge Phenomenon, has played a highly supportive managerial and financial role in the development of the bulk of the 300 or so young high technology firms which have sprung up in the region in recent years. "Such commitment and involvement by a clearing bank must stand as exceptional," said the report.

Hillyard explains: "We are not looking for major risks, but we will support working capital against security." The branch aims to turn unacceptably high risks into bankable propositions by putting entrepreneurs in touch with venture capitalists who will provide start-up finance until a prototype and the first sale have emerged. That is the point at which the bank will step in.

The branch maintains close links with a number of venture capital groups, including the

bank's own operation, Barclays Development Capital, as well as Baronsmead, AFA, Oakwood and the local St. Office. Quite apart from being a useful way to cultivate the development of new customers, it helps Barclays ensure the timely financing of companies attempting to break into quickly changing markets.

"The speed at which technology advances means that the longer you delay, the more likely it is that the opportunity will be lost," says 45-year-old Hillyard. One problem, however, is persuading entrepreneurs to surrender part control of their ventures to outside investors. "Some people are violently against equity. We tell them that it is better to own 75 per cent of a company that is properly funded than 100 per cent of one that is cracking up," says Hillyard. The branch also acts as a connection between small firms and management. It keeps contact with the half-dozen management consultancies in the area which specialise in supplying marketing, sales or financial skills which are generally outside the scope of a typical academically-trained Cambridge entrepreneur.

Hillyard points out: "Up to 90 per cent of small business failures are down to management. As they move through soft beginnings (with a high reliance on bespoke sales) they tend to move into more general markets which demand vast management experience. A lot of them go wrong in managing that transition."

Like other clearers, Barclays is demanding an increasingly high standard of business plan and likes to keep in close touch with young companies in their early growth stages. But it is also important to keep a balance between monitoring and interference, says Hillyard. "I don't want to place so many impositions on them in terms of management accounts that they can't get on with their business."



Mike Hillyard

No standing back

NORMAN DODSON, the 45-year-old manager of National Westminster's Edgbaston branch on the outskirts of Birmingham, reckons he drives about 1,000 miles per month visiting his small business customers.

"There is no way that you can do this job if you stand back," he says. "We both want the thing to work, and they are entitled to expect me to go. After all they are paying me—I'm not paying them."

Dodson's comments underline both the importance of small businesses to his branch—two-thirds of its corporate customers employ less than 100 people—and the necessity of closely monitoring company accounts in a region where the pace of economic recovery is far slower than in the prosperous south.

The big change in the two years since months since he took over the branch has been in the extent of financial information required from prospective borrowers and existing customers, mostly engineering and service companies. High inflation rates in the past have tended to mask trading losses by creating artificially high



Norman Dodson

stock profits. Now that cushion has gone, says Dodson, "initial problems tend to get larger a lot more quickly than they used to."

"That means we have to be a lot more demanding nowadays in the kind of information we ask for," he explains. Potential borrowers' business plans must at the very least contain accurate cash flow forecasts and some evidence of market research.

"You don't expect them (the customers) to be financial geniuses, but you do expect

them to know the value of financial information, otherwise they can't make financial decisions," says Dodson. "And the very discipline involved in writing out a business plan tends to remove any illusions that they might have about going into business."

Dodson has no hard and fast rules about the personal guarantees required from small business borrowers. He tends to concentrate more on the commercial soundness of the proposition and the proportion of debt to the equity in the business. "Someone who is prepared to put some of his own cash into the business is very impressive," he adds.

Existing borrowers are normally asked to submit monthly management accounts in the early stages and always expected to inform the bank immediately of any variations from the original budget. "The problems are not always what they think," says Dodson. One frequent source of difficulty, he says, is managers' failure to understand the crucial difference between profit and cash flow.

"A surprising number of people feel that if they make a profit, it goes straight through the business and is there to spend. They don't appreciate

that it may get swallowed up into working capital. We have seen several businesses go down when they are apparently making good profits," he says.

Bread and butter

PARSER. That curious-sounding acronym is engraved on the heart of Rod Armitage, a manager at Midland Bank's Watford area office.

It stands for the six basic principles which Armitage bears in mind when assessing a lending proposal: personal attributes of the borrower, amount, repayment ability, security, expediency and remuneration. But despite the apparently mechanistic nature of that code, Armitage maintains that the bank is becoming increasingly flexible in its attitude to small business lending.

"There is more of a realisation that small companies are bread and butter business for us," says Armitage, who adds that this is especially true in Watford, where 90 per cent of the bank's corporate customers employ less than 100 people in sectors ranging from electronics through printing to transport.



Rod Armitage

The bank takes a more relaxed view, for instance, on the proportion of debt to equity it is prepared to accept than it did a few years ago, when one to one was the norm. "We are less leashed by ratios than we were," says Armitage. "They are a useful guide, but at the end of the day, we are looking at who we are dealing with, what are his plans, how sensitive they are to failure and whether they will work."

This is partly an effect of the growing competition for accounts between local banks. Says

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- Investment range US\$25,000 to US\$2,500,000

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For particulars write to:
Deloitte Haskins & Sells
Chartered Accountants
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Edinburgh EH3 6UE
who were appointed Professional Advisers to the Scottish Transport Group to handle this sale.

Deloitte Haskins & Sells

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10 Cannon St, London EC4A 4BY

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Leading South Coast Yacht Builder

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Details from the Chairman
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Art Galleries

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Contracts & Tenders

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ALABOLITA

THE ARTS

London and Bristol Galleries/William Packer

Sculpture in a new perspective

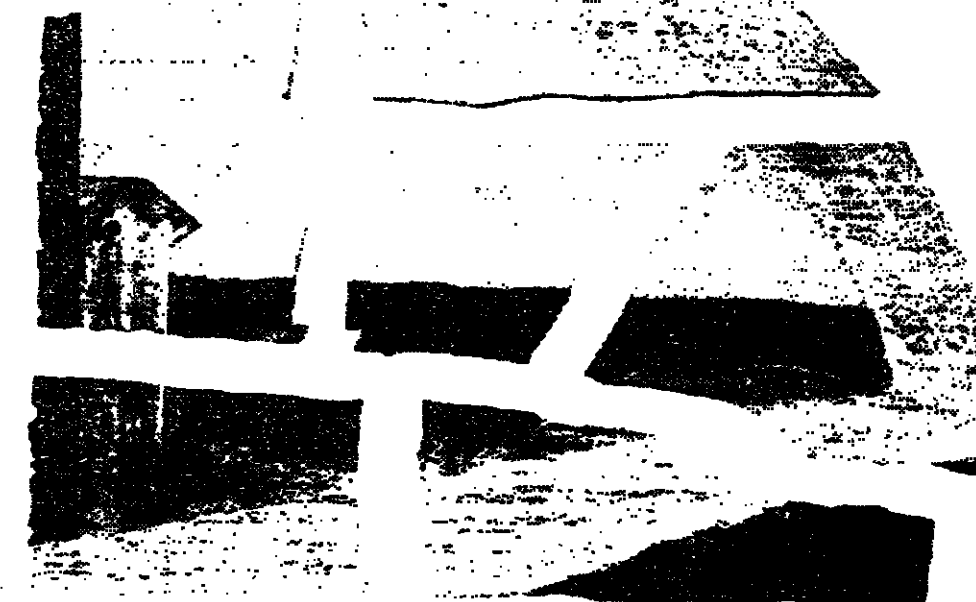
It is the received wisdom of the international art community that, whatever else it might think or know of us, we British are rather good at sculpture. This is a healthy and gratifying prejudice which the British Council has always been at great pains to serve to our advantage and, indeed, justify by the hard (sometimes very hard) fact of the work it promotes abroad. The fruits of this policy were wonderfully, and for every major international festival or modern collection it is the latest British sculpture for which the distinguished jury or ambitious curator asks.

It seems at the moment that the work of this new wave in all its variety, is before us in every turn. At the Arncliffe in Bristol (until May 19, Tuesday to Sunday), then to Nottingham and Oxford. Stephen Cox is showing a selection from his work since 1977 which is adapted from a much larger show he held last year at San Giovanni Valdarno in Tuscany. It is, effectively a retrospective of his entire public career, for he first showed in London, at the Lisson Gallery, only in 1978 at the age of 30—we must take care then to distinguish between new and young.

Since then, he has shown here from time to time, and taken part in many important mixed jamborees at home and abroad—Venice, Paris, New York, Whitechapel, Hayward, Tate—so his work is familiar, well established. But this is his first major solo show in this country, and our first chance to see him steady, and see him whole.

He calls the show "We Must Always Turn South"—his affirmative answer to the rhetorical question put by Adrian Stokes, a critic whose writings have so much affected him, at the end of his essay on the Quattrocento. He also gives it as the title of a small tondo he carved in 1981 at a most particular point in the development of his work: for then it was that he was first working in Italy, where he now spends so much of his time. It was then, too, that the ideas informing his work underwent a significant shift.

He had carved before, even made tondos before, and certainly had long been preoccupied with the formal problems and possibilities of the relief, most especially with its spatial ambiguity and its pictorial suggestion. But Cox had turned as an artist in a conceptual world and his work had long remained just so, refined and reduced to a single, perhaps, executed with perfect regularity upon a plane, polished slab against the wall, to conjure up a world of perspective. Italy changed all that, not so



"View from the Loggia" (1983), by Stephen Cox

much by any intellectual or academic discovery on Cox's part as by his immediate experience of Renaissance sculpture in its physical presence and the technical effrontery of the Baroque. All of it was in some sense figurative, full of association, suggestion and specific reference to the relief carvings of Ghiberti and Donatello in Florence, and most of all to those of Agostino di Duccio at Rimini.

The larger, more recent work dominates the show; and except in the sense that the stone elements of which each sculpture is made to sit well proud of the wall, it is all in essence work in low relief, the most emphatically pictorial of its modes—which quality is taken even further in the painterly handling of the surfaces and the figurative imagery they support. The presentation is now habitually fragmentary; not in the way of breaking integral statements open and apart, but by the bringing together of pieces related by design that yet create the appearance and fragmentation and erosion as of relics, now beyond any full restoration, retrieved from some ancient temple or basilica.

Nothing is complete: the eyes leap with the imagination across each divide, and beyond the parts we have to make a new sum and the work whole again, if only in the mind. And yet these insistent spaces in between have rather more positive a function than mere separation; for constantly they interrupt our pictorial speculation to bring us back to the physical fact of the constituent stone, and its presence hanging on the wall. By seeing it thus as stuff once more, we see again the way it is worked: its carved, polished, drawn and variously treated surface, and the pigment laid on that is not paint at all but the oxides of copper and iron that are the sculptor's traditional vehicles of patina.

Alison Wilding is only a little younger than Cox and her public career though not quite so glittering, has enjoyed the same span. Now, she has the larger part of the Serpentine Gallery to herself, to give us no retrospective but just her work of these past two years (until May 12).

Most of the works are free-standing, and those on the wall are more wall-pieces than relief—which is not, I hope, an over-estimate. For it is the quality of relief sculpture to embrace the ambiguous opportunities afforded by the two-dimensional supporting plane, which are clearly of no concern to Miss Wilding. She makes her objects so, and if the vertical is more appropriate

to their presentation, so be it. Her objects are curiously totemistic or fetishistic in their quiet, imperturbable way and always in some sense celebratory, as though furniture for an unspoken, arcane ritual. She makes lumps, ball and egg-like things of wood or metal or stone, with rich, dark, simple surfaces; and these she encloses or celebrates in gently folded or undulating sheets of metal, or against falls of cloth, as though to give each its special, rightful place: sanctuary, perhaps, or magic ring.

There is also a general resonant quality of landscape and a particular suggestion of pools of water, channels, ditches. A long trough of metal runs down from the stone trophy to a metal disc that might be a puddle; and is this other disc, in another piece, an island in the ditch, or yet the reflection of the moon that our Wiltshire neighbours have raked for so long and unprofitably? The sense everywhere is of the most particular object placed within a certain context in relation to another, supporting, informing element, everything a simple, well-made, sacerdotal. Miss Wilding's is already an impressive body of work and she must be followed closely.

There are two other sculptures shown in note, at the very least. Tony Cragg shows six new works at the Lisson Gallery, in Bell Street, NW1 (only until this week-end, April 20), which between them encompass the several strands in his present activity: the wall pieces of coloured plastic junk by which he is most widely known, the simpler piles of wooden geometric shapes, the improvisation with given objects and material—hammer, table, chair, drainpipe—and most intriguing, the new, very simple barn-like images set on stone against the wall. Cragg is always interesting, and has the courage to experiment, to please without compromising himself, or denying his determining sensibility.

Julian Opie occupies the upper galleries at the ICA (until May 12), and also is to follow Cragg at the Lisson. He shows a characteristic group of works that exploit his gift for material transformation and reference; and if the trick is now very well done, of making things of wood to resemble stone, or other, and painting them up brightly with an off-hand glint, he also begins to make us look critically for a sculptural quality beneath the image-making. No idea in reality is quite enough and Opie's work as yet is all idea, suggestion, proposition. We must give him time.

verismo tenor arias (gulps; sobs and all) came as a not wholly welcome surprise. He is already pushing towards his limits. The mezzo Maria Höglund certainly had plenty in reserve, but we hardly had time to find out how much. Just a short group of songs—good range, solid tone in the Granados—and then she was gone.

Each of them included one or two songs from their native country. Kerstin Meyer's best Swedish music has, in fact, proved more difficult to export than Swedish singers in the past, yet a piece as attractive as Peterson-Bergers' *Amfot* sounded well worth exploring further. It is a shame that Sylvia Lindénstrand's recital in the series, which would have included a group of Peterson-Bergers' songs, was cancelled.

Swedish Singers/Wigmore Hall

Richard Fairman

Since the days of Jenny Lind, Swedish singers have held a prominent position on the international stage. The short "Sounds of Sweden" festival at the Wigmore Hall, a sort of musical export drive, naturally wanted to remind us that the tradition is still flourishing and a couple of events promoted their young singers. On Friday evening a joint recital featured Kerstin Meyer, now Rector of the state Opera School in Gothenburg, and her sister, Sylvia Lindénstrand.

She can take some pride in the event. The voices sounded well trained and the musical preparation was (with one exception) scrupulous. Indeed, it must be a pleasure to be able to present such a model student as the soprano Rikke Martinello, a lovely combination of vocal strength and beauty.

She did perhaps burden her Wolf songs with a surfeit of tone and legato; but in the operatic excerpts her secure, luminous singing undeniably bodes well for the future.

While she is still at the Opera School, the baritone Urban Malmberg has already won himself a place at the Hamburg State Opera. As Chalkovsky's Eugene Onegin and Mozart's Figaro he displayed a versatile, lyric voice and an engaging stage manner, but then an excerpt from Wagner's *Tannhäuser* spoiled the effect with a lot of unsupported piano singing. Still, he is only 23; and, as baritone and basses mature later than others, his gifts look quite precocious.

After the pure, largely unformed style of these two, Sonny Wallentin's unbridled

verismo tenor arias (gulps; sobs and all) came as a not wholly welcome surprise. He is already pushing towards his limits. The mezzo Maria Höglund certainly had plenty in reserve, but we hardly had time to find out how much. Just a short group of songs—good range, solid tone in the Granados—and then she was gone.

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Saleroom/Antony Thorncroft

Islam takes the stage

The highlight of the first session of London's week of arts devoted to Islamic works of art was the appearance at Sotheby's of seven leaves from a Turkish Royal album of around 1695.

The "Siyar-i Nabi" was commissioned by Sultan Murad III and contains 814 miniatures in six volumes. Most remain at the Topkapı Museum in Istanbul; but a few were stolen and sold, and the leaves disposed of yesterday came from a volume which is mostly intact in the Chester Beatty Library in Dublin.

Considering their rarity, these leaves, illustrating the life of the Prophet Muhammad, and relatively modest demand. Two were unsold while the other five were within or very close to their pre-sale estimates. The top price was the £48,200 paid by the London dealer, Sven Chahlin, for a leaf depicting a beheading.

The other prices were the £27,500 for a scene of two parties at war, the £26,400 from Spink for a picture of the Prophet Muhammad blessing two warriors; £24,200 and £22,000. The two others were unsold at £13,000 and £5,500.

In contrast, leaves from the Qur'an did well. One, from North Africa and dated around 900 AD, more than doubled its

top estimate at £11,000 to Mansour and another, of the same period, to the same dealer for £8,800.

Christie's is making every effort to ensure that its sale of 16 Old Master pictures on Thursday evening will be the auction event of the year, at least in London. It still hopes to surmount technical problems and beam the proceedings by satellite to bidders in its New York saleroom, which will be an auction first.

Most interest centres on the "Adoration of the Magi" by Mantegna. Christie's has placed an estimate of £5m on this painting, the only major work by this late-15th century north Italian artist still in private hands, but it could go for much more.

It is being sold by Lord Northampton whose family acquired it in 1871. Previous to that its history is unknown, but Berenson confidently attributed the painting to Mantegna's later years; and as it is the type of masterpiece which rarely appears on the market, strong bidding from American museums and private collectors could lead to a very high price. Impoverished British institutions have little chance of raising the money to keep the Mantegna in the UK, although the National Museum of Wales, which is hung until recently, might try.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 12-18

Opera and Ballet

PARIS

Ballet of the Paris Opera presents Romeo and Juliet in Rudolf Nureyev's choreography and production, scores by Eino Finck, with Florence Clere, Maurice Lendry, Claude de Volpian, Cyril Atanasoff, Patrice Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizerix, Charles Jude, Jean-Yves Lormeau, Rudolf Nureyev in the main roles. Palais des Congrès (782233).

Maurice Bejart and his 23th century ballet follows the same Gustav Mahler/Pierre Henry with *Notes* Faust to Mass in B minor and Agnus Dei by Bach and Tanguis Argente. TNP-Chatelet (233 4444).

Wuppertal's Tanz Theater and Pina Bausch, the high priestess of German expressionist ballet, arrive with two programmes: *Wahner* and *Stravinsky's Sacre du Printemps* and *Café Müller*. Théâtre de La Ville (2742277).

Wozzeck alternates with Gluck's *Alceste* conducted by Michael Schneider, produced by Pier Luigi Pizzi with Shirley Verreul/Helene Garretti in the title role and Barry McCarty in that of Admetus. Paris Opera. (7425750).

The Very Modern G.R.C.O.P. dances to classical music by Handel, Schubert, Beethoven, Chopin. Choreography by Taylor, Garnier, Gordon, De-groot, Carsten with alternating dancers: Wilfride Pinder, Gluslaine Thezmar, Denard, Dupond, Guizerix.

WEST GERMANY

Berlin, Deutsche Opera: Karpoll's rarely played *Die Tote Stadt* returns. Fidelio is a Götz Friedrich production. Siegfried is steered to triumph by Katarina Ligendza as Brünnhilde. Fidelio has Siegfried Jerusalem in the part of Florestan. Aciade auf Naxos features Gundula Janowitz and Gerd Brenneis. (34381).

Hamburg, Staatsoper: Belshazzar in the Harry Kupfer production features Walter Raffeiner and Helen Donath. Zar and Zimmermann features Michael Schuster and Peter Haase. (531131).

Frankfurt Opera: Don Giovanni has Benjamin Luxon repeating his much praised performance in the title role. He is also singing the title role in Eugene Onegin. The new production of Hoffmanns Erzählungen by Herbert Wernicke has Michael Böcker conducting. Don Pasquale is of respectable standard with Günter Reich, Barbara Bonney and William Workman. Der Türke in Italien rounds off the week. (25821).

Cologne, Oper: Die Entführung aus dem Serail, part of the Mozart cycle produced by Jean-Pierre Ponnelle, is worth a visit with Karen Huff-stadt and Matti Salminen. Carmen brings together Josef Proschka and Machiko Obata. Madame Butterfly is sung in Italian with John Pritchard as conductor. (20701).

Munich, Bayerische Staatsoper: This week's highlight is Figue Dame sung in Russian. It is perfectly cast with Elena Olesovska and Vladimir Afontov. Macheek is conducted by Riccardo Muti. La Bohème has Katarina Ligendza in the title role. (21851).

Stuttgart, Oper: Die Entführung aus dem Serail, part of the Mozart cycle produced by Jean-Pierre Ponnelle, is worth a visit with Karen Huff-stadt and Matti Salminen. Carmen brings together Josef Proschka and Machiko Obata. Madame Butterfly is sung in Italian with John Pritchard as conductor. (20701).

Theatre in New York

Frank Lipsius

If recent off-Broadway openings are any clue, Americans are going through tender crises while the British carouse on other people's beaches. Though the theatre does not just mirror life, the American musical, *In Trousers*, and two local productions of *Sejanus* and *September in the Rain* derive their strength from the raw nerves they touch in passing during their portrayals of ordinary lives.

Far from being "about" a gay husband, *In Trousers* at the Promenade begins simply with the loss of excitement in a 10-year marriage, expressed in uniformly clever lyrics such as "How the body falls apart." First the groin and then the heart. Though the action begins slowly with a drowsy early-morning wake-up number, William Finn, who wrote the book, music and lyrics, cleverly combines a day's activities with psychologically acute flashbacks to make the central character, Marvin, as played by Tony Cummings, an understandable victim of his own mixed-up feelings and ambivalences.

Surrounded by three women, his wife, high-school girlfriend and former school teacher, Marvin often sounds as though he is talking to a psychiatrist, with memories of fantasies with the teacher who, in turn, bucks him up with a rousing number. Set the sails/A good man never fails, "I'm here for a hero caught between his unexpected desires and responsibilities."

William Finn's previous work, *March of the Falsettos*, shared the same elements of strong emotions expressed through oratorio, with the

thread of plot as much in the realization of confused emotions as any change in circumstance. Where a psychiatrist actually appeared in the last work, this one is steeped in their self-promoting admonitions to explain, if not justify, the characters' feelings.

The music comes alive with the rhythms of 1960's pop music, a tinge of Billy Joel here, a calypso there. The wife's breakdown when she finds out toward the end that Marvin's affair is with a man brings the house down, with Catherine Cox managing to fall apart after playing the practical understanding woman to that point. Sherry Hursey makes a buoyant cheerleader of a high school girlfriend, while Kathy Garrick is a cross between Betty Midler and schoolmarm in a style of her own. Matt Cassella's direction keeps the characters rollicking round the stage in Samio Loquasto's modern pink and grey set that allows fantasy and action to intersect seamlessly.

The Public Theatre's production of Louise Page's *Salonika*—revivals in a strong cast led by Jessica Tandy giving her feet sandy on Andrew Jackson's realistic Greek seaside set. The play itself has interesting elements of youths separated by three-quarters of a century and old people misunderstanding all the youths. But the mere inversion of roles, like the old man, hitch-hiking to Greece when the young man cannot be bothered, does not set a plot in motion for the characters, as played by Elizabeth Wilson, David Strathairn, Thomas Hill and Maxwell Caulfield, have shown their idiosyncrasies.

John Godber's *September in the Rain* sets a melancholy tone for Liz and Jack, the two



Susan Greenhill and John Godber in "September in the Rain"

characters whose lives are portrayed through the decades of their rainy Blackpool holidays. Susan Greenhill and Steve Ryan have evocative northern accents while describing experiences that take in donkey rides, bingo, roller-coasters and

dank bed-and-breakfasts in a miner's efforts to have a good time when he has a chance to put down his shovel. David Kerry Heffner's Hudson Guild production makes the characters, if not the setting, come alive for the British with time off.

BBC Symphony/Festival Hall

Paul Driver

Shostakovich's 11th Symphony, *The Year 1905*, was heard in this country for the first time in a decade last Friday at the second part of a BBC Symphony concert conducted by Sir John Pritchard. It was paired reasonably if not deeply satisfactorily, with Rachmaninov's first piano concerto, in which the soloist was Jean-Philippe Collard.

At least purposes of vivid contrast were served by the programming. The Rachmaninov, which Colard's account fastened one's attention irresistibly here.

The concert was all about its second half; the quality of orchestral playing now became compellingly high. In fact, the Shostakovich performance was another of those occasions when Pritchard and his musicians, in the grip of an inspired project, soared to the threshold of great achievement, and might easily

have crossed it. Unlike the Rachmaninov, this massive "musico-historic" symphony expresses its composer's absolute mastery, and a like certitude marked the orchestra's navigation of the music's calm wide spaces, its stormy passages, and mournful landscapes of loss.

The four linked movements of the almost hour-long work each represent an aspect of the tragic revolutionary attempt in Palace Square, St. Petersburg, on January 9 1905. Pritchard made clearly apprehensible the big arc of the structure at no cost to the picturesque, sometimes lurid characterisation of its lesser parts, and with meticulous placement of its passing detail, much of which brings to prominence haunting snatches of revolutionary songs.

With great poise the vibrant, sad flute duct, or the gently ominous "motto" theme on the timpani broke into the quiet, measured string music of the first movement; and it was marvellous to hear the texture grow more complicated by the accumulation of simple ideas, while always remaining crisp and compactly formed. The graphic climaxes of the second movement were fiercely precise. The threnodic melody for violas in the third was made more intimate by the outer positioning of the players on the platform. The culminating woodwind solos—cor anglais, oboe and a fabulously gurgling bass clarinet—of the finale were perfectly intoned. If only Pritchard had really let himself go, draped his senses just a little bit, this performance would have been celestial.

What a Way to Run a Revolution!/Young Vic

Antony Thorncroft

If the competitions editor of *The Spectator* or the New Statesman, stumped for an idea to exercise the weekly wits of his readers, ever considers "What a Way to Run a Revolution!" as a musical around the most unlikely subject imaginable, he is handing the first prize on a plate to David Benedictus and Guy Woolfenden for this little effort which takes the Brighton Express—did provide some people with the most enjoyable time of their lives, and might have produced jolly scenes about how basic British

common sense can keep smiling through any crisis.

Rut Guy Woolfenden's music is the best I have heard in a long time. "The Song of the Destruction of the House" given to the only union leader who refused to compromise, A. J. Cook, and a plea for bloody revolution now. The other hero is a grim and grimed miner (Gary Raymond) who acts as a withering chorus on those Labour leaders who support parliament and democracy.

Agitprop musicals are designed, I suppose, to keep up the fighting spirit of militants, especially after the miners' strike, which provides some easy parallels. But the need to treat the enemies both as cardboard caricatures of a class, yet also as dangerous and clever, creates impossible demands on David Benedictus. Keeping to the "official" line makes for dull lyrics; and only when the show forgets its purpose, as in

the suddenly escapist second-act finale which races through all the famous names alive at the time and places them in a night club setting, does the company really let go and the show open out.

The design, by Christopher Marley, built around the Speaker's chair and used to the audience as MPs, works well, and there are some imaginative special effects. Channel Four commissioned it, so there is a large cast, playing many parts, in which Stephen Hartford (as Baldwin) and John Normington (Churchill) feature.

It would take a hard man not to sympathise with the plight of the miners in 1926; it would be a foolish one to be taken in by this facile attempt to justify violence today to solve the problems of 80 years ago. Brecht used the musical for political ends; this just irritates by the gap between its similar ambitions and its content.

LCD Royal Gala at Covent Garden

London Contemporary Dance is staging a Royal Gala at Covent Garden on July 11, which will be the first major fund-raising event promoted by Contemporary Dance Trust as part of its new development drive.

Proceeds will go to the Contemporary Dance Trust's Development and Scholarship Funds and the Royal Opera House Development Appeal.

Award for Lutoslawski

Witold Lutoslawski has won the first University of Louisville Grawemeyer Award for musical composition with his *Symphony No. 3*.

The \$150,000 annual prize was set up last year by the university and this first award was confined to works premiered during the last two years, but considered in conjunction with the composer's total achievement.

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Quarter ended 31 December 1984

OPERATING RESULTS (TONS 000)

Total mined 1,952 2,080

Tons sold 1,928 2,059

FINANCIAL RESULTS (R000)

Sales Revenue 26,740 28,594

Cost of sales 23,045 22,945

Gross profit 5,695 5,649

Sundry revenue 1,500 614

Profit before tax 7,195 6,263

Tax 4,132 3,312

PROFIT AFTER TAX 3,063 2,951

Capital expenditure 17 12

Dividend 17 12

Loan levy refund 240 5,049

NOTES:

1. Capital Expenditure. The unexpended balance of authorised capital expenditure at 31 March 1985 was R2.7 million, which includes votes authorised for 1985.

2. Dividend. A dividend (No. 143) of 50 cents (21.051488p) per share declared on 13 December 1984 was paid to members on 13 February 1985.

3. Proposed Merger of the Operations of Apex and Glydesdale. Application has been made in terms of an Order handed down by the Supreme Court on 8 March 1985 for oral evidence to be heard. The relevant hearing is not expected to take place for some time. Members will be informed of the outcome once the matter has been finalised.

On behalf of the Board
A. M. G. GNODE | Directors
C. J. ROSS

15 April 1985

Letters to the Editor

Technical problems and the ECU

From Mr W. Eggers
Sir—Mr Schulman (April 11) singles out Germany as the only obstacle to an extensive use of the ECU. That may well be the case from his point of view, but in reality, it is not so much reluctance in principle to open the gates, but it is rather concrete technical problems that are precluding the ECU from de facto becoming a supranational currency.

Anyone actively engaged in foreign exchange markets will not doubt be able to confirm that any position held in ECU inevitably leads to an open position in one or several of the basket currencies, and that may

just not happen to be the currency one would like to have on one's books.

As long as there is no institutionalisation for the ECU, a "Central Bank" for that currency so to speak, the Deutsche Bundesbank is, in my opinion, justified in maintaining its cautious attitude towards the ECU. We're just not keen on having to foot yet another bill. Apart from that, our country has certainly not been the least in fostering European integration.

Werner Eggers.
Jordamelle 12,
D 6082 Morfelden-Walldorf.



Oysters, yachts and antifouling

From the Managing Director,
International Paint

Sir—In his reply (April 4) to your "Men and Matters" article concerning antifouling paint and oysters, William Waldegrave makes a number of points which are not supported by the available evidence.

Mr Waldegrave states that oyster production in the UK has been seriously reduced, without making the important distinction between the Native Flat oyster and the recently imported Pacific oyster. It is

lamentably true that stocks of the native oyster have been in decline since the 1920s. This decline has been well documented, and is ascribed principally to disease and poor husbandry. Stocks reached an all-time low following the harsh winter of 1963, well before organotin yacht antifouling was introduced. There is no published scientific evidence which implicates yacht antifouling with the demise of this oyster. Conversely, production of the Pacific oyster has, according to the Shellfish Association of Great Britain, continued to increase since its introduction into the UK in the early 1970s.

It is by no means clear, as Mr Waldegrave insists, that the problems in growing the Pacific oyster, experienced by some growers in certain parts of the country, are linked with yachts. The work carried out by the

Ministry of Agriculture, Fisheries and Food falls short of demonstrating an acceptable cause and effect relationship. In particular it has not been established that organotins derived from yacht antifouling have a widespread occurrence in coastal waters throughout the UK, neither have they addressed the question of what are the best husbandry techniques for this imported species. Why is it for example that some growers in certain areas are very successful while others in the same location claim that yacht antifouling has made the culture of Pacific oysters impossible?

Mr Waldegrave's claim that yacht antifouling is interfering with the food chain by affecting phytoplankton is at best mere speculation. Withstanding the extreme difficulty in extrapolating from isolated laboratory toxicity experiments to the real situation in the natural environment, the few experiments which have examined the toxicity of organotin compounds on marine phytoplankton have shown that the concentrations required to kill are orders of magnitude greater than have been found in UK waters.

Roger Levick,
Stonegate Lane,
Felling,
Gateshead,
Tyne and Wear.

Local rates for local services

From Mr R. Sims

Sir—It is the extortion wages paid by so many local authorities all over Britain under the misnomer of "rates" which has been the scandal of the times for this past 20 years or more.

It was Maggie Thatcher herself, more than anyone else, both before she became party leader and since, who has stumped up and down the country telling us all, "It's our money they're spending."

We all have to look to the Government for a change for the better but its actions so far don't offer much encouragement. The cut-backs in grants to local authorities only means that ratepayers have to find more money from somewhere, the local authorities spend the money just the same. And the "Rate-capping Bill" is just about as useful. Local authorities are still allowed to increase their rates by a multiple of something like 25 per cent annually so it is

only the spendthrifts and the out-and-out reactionaries who are in danger of being "rate-capped."

As a temporary expedient, while something more radical is worked out, police monies could, and should, be transferred to the national exchequer. They are not a local service so why go on trying to pretend that they are? There is an awful lot to be said in favour of transferring all the county services to the national exchequer and keeping local rates just to pay for local services. Equally, there is no reason whatever for calling a three- or four-county police force a "local" service, particularly while there are such "non-senses" as Greenham Common, Molesworth and the miners' strike where policemen from all over the country have to be called in to cope with them.

Ronald Sims,
19 Wordsworth Road,
High Wycombe, Bucks.

Peripatetics and a poll tax

From Mr P. Brown

Sir—There is no accountability problem with local income tax but a major accountability cost in setting up and maintaining a system as members of staff move in and out of different local authority areas.

The major drawback however, which Mr Slain (April 11) and other proponents of this tax will have to face is the encouragement it will give to employers and employees to move from salaried remuneration to fee consultancy or at a lower level cash in hand.

The imposition of a 10.75 per cent employers' N.I. charge on all salaries above £130 per week is already resulting in professional staff intensive firms, with a significant number of employees receiving £25,000 plus,

investing the savings available whenever they want to leave. If you add a local income to existing payroll taxes, it will significantly increase this trend and tracking tax due from thousands of self-employed contractors will be a real lot to be said in favour of transferring all the county services to the national exchequer and keeping local rates just to pay for local services. Equally, there is no reason whatever for calling a three- or four-county police force a "local" service, particularly while there are such "non-senses" as Greenham Common, Molesworth and the miners' strike where policemen from all over the country have to be called in to cope with them.

Unlike property, people can drop out of the Revenue's sight, at least temporarily. A poll tax looks feasible, though I'm not sure how you assess non-voting foreign residents, but the possibilities for transferring, delaying, reducing or avoiding local income tax make it look an extremely unattractive alternative.

Peter M. Brown,
Regional Regional Surveys,
1, Mill Street,
Stoke, Staffs.

Promises and pensions

From Mr R. Colbran

Sir—Miss McKnight's main point (April 11) is that we should continue to make pension promises for the future because we cannot prove that we shall not be able to afford them. In this, she has the support of the Social Security Advisory Committee.

By 1998, under the present rules of the state earnings-related pension scheme, almost every working person above about age 40 will have a right to a pension at 65 (men) or 60 (women) of one-quarter of earnings above state basic pension level. These pensions are to be fully indexed before and after retirement. Even for those contracted-out, the state promises indexation after retirement.

In the past, government has escaped inconvenient debt burdens through inflation. Indexed

liabilities admit of no such escape. Moreover, pension promises can lock us in to retirement ages which also have a considerable risk of being unsuitable at the time. Is it not more realistic to encourage the population (aided by their employers) to try to provide for their own old age? Future governments could then allocate resources as seems best at the time.

You would not wish me to take the space to answer all Miss McKnight's other questions. When, however, she criticises the Government's Actuary for focusing attention on pensions, she seems to ignore completely the extensive tables and charts of projected contribution levels in his note.

R. B. Colbran,
Martin Patterson Associates,
10 Buckingham Place, SW1.

Revenue priorities on perks

From Mr F. Steiner

Sir—The Inland Revenue does not seem to have much sense of the Environment in setting priorities. If it attacks "perks" (April 11) encouraging

rail travel, while leaving subsidised road travel largely unscathed.

F. M. M. Steiner,
Gerrard House,
Gerrard Street, E.C.2.

Effects of a sharp cut in VAT

From Mr C. W. Smith

Sir—In February you published a letter from me about your report of an Institute for Fiscal Studies analysis of the Government's intention to switch from direct towards indirect taxation. Since then readers have had the chance to study the full text of the IFS report which has widened slightly the VAT base while announcing that it will not be changed again before the next election.

The IFS makes a case for extending the number of items subject to VAT in order to reduce the industrial distortion between those items liable and not liable. The Chancellor has blocked that option (and the block might persist since any Party promising to extend VAT would spoil its electoral chances). Meanwhile the Government may choose between following its own preference for VAT (by raising the rate) and the IFS recommendation to reduce industrial distortion (by lowering it from 15 per cent).

The Government's overriding aim to reduce inflation VAT, but it should not miss this secondary argument for IFS: "Because demand will fall, revenue will be less than might have been anticipated, and the contribution of the [taxed] industry to national income and to revenue from other sources will be reduced." The converse is true if demand is stimulated by lowering the rate of VAT. The knock-on effects for other industries and their prices will be favourable. Loss of revenue will be less than pro-rata, and will be eased by lower expenditure on index-related pay and pensions.

Where VAT has unfortunate side-effects, they can always be offset by selective subsidies: that via the Arts Council to the theatre is mentioned — there would be less need for it if theatre-goers paid less VAT on

their tickets.

Much of the IFS paper deals with the gravest side-effect, if VAT were widened: the need to restore purchasing power, especially to poorer families.

What could not be restored is the freedom to concentrate expenditure on non-taxed items. Conversely, if VAT were not widened but steepened, there would be less freedom to buy anything other than necessities.

It is only by holding the range and reducing the rate of VAT that the one freedom is preserved and the other is enhanced.

The Chancellor has used the simpler part of the mechanics of restoring purchasing power. Lifting the lowest tax threshold beyond the call of inflation should enable almost everyone to pay the higher direct and indirect costs of more expensive newspaper advertising. But, like the higher lift that would be needed to cover major VAT increases, it is inflationary. And these lifts do nothing for the non-tax payer and little for anyone just caught.

They have to be helped with increases in pensions and child and other benefits. Indeed, the IFS article ends with the construction of a "revenue-neutral" and socially just package to offset a greatly widened VAT base—which boosts, perhaps unintentionally, the case for a unified positive-and-negative income-tax.

No proponent of that case, however, would want to use positive or negative income-tax to enable people to pay artificially inflated prices. How much better to put their system into reverse — with the Exchequer able to concede less income-tax because prices had been sent into a downward spiral by a sharp cut in VAT.

Christopher W. Smith,
Tillocks, The Square,
Apsley Chase, Beds.

Fallout from the dollar

From Mr P. Wurlitzer

Sir—In your editorial on the "Fallout from the dollar" (March 29), you incorrectly state the dollar touched its all-time high against the Deutsche Mark of DM 3.45 on February 25 of this year. While the exchange rate of DM 3.45/US\$ 1 may be the highest point of recent years, it

still is substantially below the 1950/1960s rate of DM 4/US\$ 1 or even the rate of DM 3.60/US\$ 1 that I received during my student days at the University of Hamburg in 1970-1971.

Prescott Wurlitzer,
4600, 48th Street, NW,
Washington DC, 20016.

£615m UK retailers' merger



The big get even bigger

By David Churchill, Consumer Affairs Correspondent

offered it instantly via "flat packs" that could be carried home by car and assembled within hours.

The MFI formula worked, despite scepticism about quality both from within the trade and from consumers. Moreover, more than three-quarters of MFI's products are now British-made, whereas a decade ago most were foreign in origin.

MFI's strategy has been to forge close relationships with UK suppliers—similar to the well-established policy of Marks and Spencer. For example, Hygena, the Humberside kitchen cabinet-maker, is its main supplier.

MFI now has more than 3,500 employees and 127 stores, making its total trading area about 6m sq ft.

In the past 12 months, MFI has expanded its operations to provide kitchen furniture and appliances, Hobbs, extractor fans, and refrigerators are all supplied now, with dishwashers and freezers planned for the future.

Half-an-hour after choosing and paying for the goods, a customer can load a complete kitchen on to the roof of his car. "See it, like it, take it away" has always been not just an advertising promise, but a statement of fact," says Mr

Derek Hunt, MFI's chairman. The attraction of MFI for Asda is that it gives the much larger food retailer a stake in a sector of the market that is expected to show rapid growth.

"There are very few sectors in Britain's mature retail market which offers the opportunities which remain to be exploited in furniture," suggests Richard Hyman of the Verdict market research company.

Owner-occupied homes, for example, now account for 61 per cent of all households, compared with 50 per cent in 1970. The Building Societies Association recently suggested that some 74.2 per cent of households will be owner-occupied by the year 2000.

The total market for furniture, carpets and other floor-coverings was worth just over £4bn in 1984. The sector has had a rough ride recently, as Mr Hyman points out: "The British consumer has traditionally regarded furniture and floor-coverings as predominantly functional." This means that their replacement is an easily deferrable purchase—which is what has tended to happen during periods of recession.

While the market for furniture and carpets failed to keep

up with consumer spending, demand for flat-pack furniture and cheaper carpets rose sharply. The kitchen sector has been the most buoyant, with retail sales rising in value by 72 per cent since 1980 compared with a 46 per cent increase for furniture in general.

MFI of course, already has a formidable competitor in Harris Queensway, run by one of the new retail entrepreneurs of the 1980s, Mr Phil Harris. Harris Queensway has more than 100 outlets and—thanks to its joint venture with Debenhams to provide carpets and furniture in 64 department stores—enjoys considerable purchasing muscle in this area.

Sir Terence Conran's Habitat is also a major competitor even though its success in the self-assembly furniture market has been somewhat eclipsed by Sir Terence's other forays into retailing. Habitat has some 45 stores with more than 66,000 sq ft of selling space.

The implications of the Asda/MFI merger for British retailing are significant. It is a further sign that the big will get even bigger during the rest of the 1980s and beyond.

The merger also points the way for the pursuit of retail takeovers. With the OFT and Monopolies Commission breathing down their necks, Britain's biggest retailers know that they cannot easily expand by acquisition in their own operation. But expanding into different markets offers considerable attractions for those retailers who have seen their retailing formula right—once.

The recent takeover rumours linking both Sir Terence Conran and Phil Harris with the Debenhams department stores chain, suggests that "problem" retailing areas such as furniture may become the growth sectors of the next decade. Forecasts suggest consumers will concentrate more of their spending on the home—at the expense of external leisure pursuits such as going to the pub or to the cinema.

The major retailers such as Boots, Woolworth, British Home Stores, Littlewoods, and the department store chains such as House of Fraser are already recognising this fact and amending their product ranges to match the change in consumer spending patterns.

What, then, about the predatory ambitions of the other major supermarket operators in the 1980s? Both Tesco and J. Sainsbury know that they cannot acquire competitors in the UK without falling foul of monopoly restrictions, while successful growth overseas has proved elusive for most retailers. Asda may not be the first food operator to decide to cash in on some of the opportunities available in other areas of retailing.

For Charles, Arnold and Frederick, the business battle just ended.



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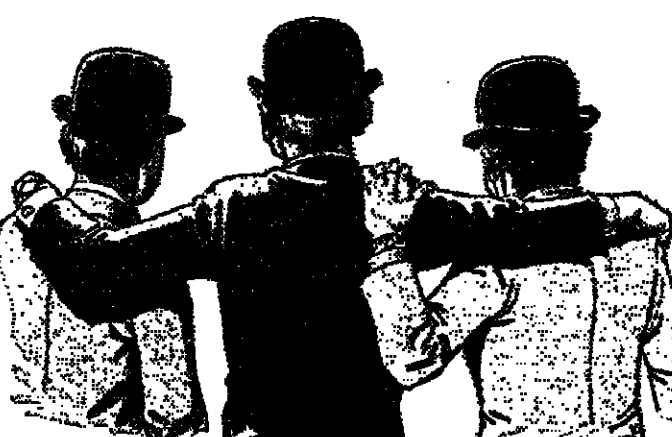
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FINANCIAL TIMES

Tuesday April 16 1985

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Wheeling Pittsburgh 'set to file for protection'

By Terry Dodsforth in New York

WHEELING-PITTSBURGH, seventh largest steelmaker in the U.S., was yesterday edging towards a bankruptcy filing under the Chapter 11 proceedings, according to the union which has been lobbying to find fresh funds for the company.

The United Steelworkers of America (USWA), which has been asked to make wage concessions by the company, said that Wheeling's latest round of talks with its lenders had been unsuccessful. The company refused to comment, except to say that any announcement would be released immediately.

Politicians, union leaders and bankers have all plunged into talks on the future of the group over the past few weeks, with the union placing large advertisements in local newspapers asking for banking support to shore up the \$200 jobs at stake.

In the talks with lenders, Wheeling has been seeking to modify the terms of \$514m of long-term debt held by 13 banks and 11 insurance companies. The company has asked for half the interest due this year to be waived, and a postponement of principal payments, in return for an issue of common stock.

The union has offered to make concessions worth \$162m in the next two years, in addition to previous five-backs worth about \$84m. It has insisted, however, that its concessions would only be available if a "fair plan of equal sacrifice" were agreed. In return for cuts in wages or benefits to \$19.50 an hour from the current \$21.40, the USWA was asking for board representation and shares in the company.

Under the Chapter 11 regulations, Wheeling would gain protection from creditors while it arranged a rescue plan. But the company has been opposed to this manoeuvre because of the loss of face and customers usually involved, while the union is worried that it would mean the negotiation of an entirely new contract.

Sudan close to naming new Cabinet

Continued from Page 1

phase of development we can think of the army as an entirely apolitical body."

The intense debate over the Cabinet saw the original charter members broadly in favour of a Cabinet of non-political technocrats. By last night, that school appeared to have won the day over those who wished five of the Cabinet posts go to union representatives and five to nominees of leading political parties.

There appears to have been general agreement that the defence portfolio will remain with the military, the Interior Ministry is likely to go to the police and three places will be allocated to the representatives of the south of the country.

A spokesman for the original signatories to the charter said yesterday that all officials and politicians associated with the Nimeiri regime would be excluded from office in the new administration.

The main groups representing the civilians in the talks are the broad-based Alliance of Nationalist Forces for Salvation, a coalition of five leading unions - doctors, engineers, lawyers, Khartoum University staff, bank and insurance employees - and three political parties - Umma, Democratic Unionist and Communist.

The alliance's charter, calling for civilian rule, regional self-government for the troubled southern Sudan, and non-alignment in foreign affairs, published on the eve of the overthrow of Mr Nimeiri, has attracted growing support.

The rapid proliferation of political parties - the latest count is 30 - has left the large, unwieldy civilian group divided over strategy, however.

Thyssen resumes payout and plans rights issue

BY RUPERT CORNWELL IN BONN

THYSSEN, the West German industrial group and Europe's biggest steel producer, last night announced plans to raise DM 468m (\$153.4m) by means of a rights issue. It will also be paying a dividend of "at least" DM 4 per share for the current financial year which ends on September 30.

News of the one-for-five rights issue, given after a board meeting in Düsseldorf, confirms speculation that the sharp improvement in the group's financial fortunes since 1983 would allow it to carry out a long-overdue operation to raise fresh capital.

The issue will lift the nominal capital of Thyssen AG, the group's parent company, from its present DM 1.3bn to DM 1.56bn. However,

each new nominal DM 50 share will be offered to existing stockholders at a price of DM 90, compared with a closing price of DM 96.7 in Frankfurt yesterday.

The company gave no details on the exact timing of the issue, but it said that the new shares would rank fully for the dividend for 1984-85, which will end a two-year spell in which shareholders have received no payment.

The decision of the group to withhold a dividend in 1983-84 for the first time was sparked by a record loss that year of DM 550m. Nor was any payment made the subsequent year, despite a dramatic turnaround to a profit of DM 181m, achieved thanks to an upturn in the steel business and a sharp improvement

at its previously troubled U.S. subsidiary, Budd.

Thyssen confirmed last night that this year's performance was running ahead of 1983-84, although it gave no details. The capital increase will enable the group to lift its own resources from the September 1984 level of DM 2.5bn, compared with DM 3.5bn four years earlier.

At Thyssen's major annual press conference in January, Herr Dieter Spethmann, chief executive, complained that the capital base had fallen too low, given that Thyssen's overall sales had expanded during the period from DM 27.1bn to DM 32.4bn in 1983-84.

Metallgesellschaft resumes dividend, Page 27

Asda purchase of MFI creates £1.9bn British retail group

BY LIONEL BARBER IN LONDON

ASSOCIATED DAIRIES (Asda), one of Britain's biggest grocery chains, yesterday revealed an agreed £130m (\$794m) takeover bid for MFI, a discount furniture retailer, to create one of the UK's largest retail groups.

The deal, latest in a string of British retail takeovers, will produce a new company with combined sales of more than £2bn.

In terms of a market capitalisation of £1.9bn, this puts the group just behind the UK's leading retailers, Great Universal Stores, Sainsbury and Marks & Spencer.

"The deal gives us a superb platform for retailing in the 1990s," said Mr Noel Stockdale, chairman of Asda, best known for its Asda food-based supermarkets and its subsidiary, Allied Carpets.

"We believe there is common expertise in out-of-town retailing and very good chemistry between the two managements," said Mr Derek Hunt, chairman of MFI whose main

strength is in self-assembly "flat-pack" furniture centres.

The two companies have been talking to each other for 14 weeks. The first contact had come through a "go-between," Mr Gerald Horner, an analyst at Scrimgeour Kemp Coe which is stockbroker to both companies, Mr Stockdale said. "We are delighted how secret this has been kept."

However, MFI's share price moved sharply last Friday after news, rising 37p to 258p. Asda's advisers, Morgan Grenfell, said the London Stock Exchange was likely to hold an inquiry. MFI is advised by County Bank.

Asda is offering 15 new ordinary shares of 25p each for every eight ordinary shares in MFI. On the basis of last night's closing price for Asda of 164p, up 6p on the day, the offer values MFI at £815m or 307p a share. MFI's shares closed at 309p, up 45p on the day.

MFI shareholders can either take

Asda paper or a cash alternative of 144p per new Asda share, equivalent to 270p per ordinary share in MFI. Under the offer, Asda can offer up to 338.23m new shares, representing 28.9 per cent of the group's share capital.

Asda picked up 8.99 per cent of MFI at 83.14p a share. Simultaneously, Morgan Grenfell bought 7.52 per cent from former MFI directors and family interests just before the agreed takeover was announced. The 17.51 per cent stake would appear to make it difficult for any rival to launch a counter-bid.

The Asda board said that it would recommend a dividend of not less than 1.5p (net) per ordinary share for the year ending April 27. This would make a total dividend payment of 2.75p, an increase of not less than 10 per cent after adjusting last year's payment for the one-for-five capitalisation issue.

The big get bigger, Page 25; Lex, Page 26

Satellite order worth \$150m goes to BAe-led consortium

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT, IN LONDON

AN INTERNATIONAL consortium led by British Aerospace, has won the battle to supply the first of a new generation of satellites for telecommunications between shore bases and ships and oil platforms at sea.

The order, announced yesterday, is for three satellites, worth \$150m, with options for a further six, which would bring the total value to \$400m, for the second-generation space segment of the International Maritime Satellite Organisation's (Inmarsat) global maritime satellite communications system.

The consortium were BAe, through its Dynamics Group's space and communications division, at the head of a group including Hughes Aircraft of the U.S., Matra of France and Fokker of the Netherlands, and a consortium led by Britain's Marconi Space Systems.

The Marconi group included Ford Aerospace Communications of the U.S. and Aerospaciale of France.

British Aerospace will have about 34 per cent of the work on the new satellites, the first of which is due for launch in mid-1988.

BAe will be responsible for design and manufacture, with Hughes providing the specialised communications payload, and Matra of France and West German and Italian companies providing principal parts.

Inmarsat provides specialist telecommunications ship-to-shore and vice versa. It has 43 member countries, with some 3,000 ships or platforms now equipped to use its system, a figure that is growing almost daily.

Up to now, Inmarsat has used both the European Marconi and U.S. Marisat satellites and has also

leased space on satellites belonging to the International Telecommunications Satellite Organisation (Intelsat).

Now, with this second generation of satellites, it will have its own exclusive satellite system, providing global coverage for telecommunications between ships and platforms at sea and shore bases. The new satellites will also provide aeronautical services for the first time.

Each of the new Inmarsat satellites will have up to 400 two-way voice channels, which are expected to be divided into 250 for simultaneous ship-to-shore calls and 125 for shore-to-ship calls.

The British Aerospace Dynamics Group has extensive experience in satellite development. BAe and Matra developed the Eurostar spacecraft, which will be the basis of the new satellites.

Pound strong as economy fears hit \$

Continued from Page 1

this week are now widely predicted to show a sharp slowdown in the pace of U.S. economic growth. Unease over the U.S. financial system had been rekindled by the collapse last week of a U.S. securities dealer amid continuing concern about the health of some U.S. banks.

Many dealers were predicting further losses for the U.S. currency unless the output figures - industrial production today and first quarter GNP on Thursday - show stronger growth than expected.

'High-risk' U.S. banks may face new curbs

Continued from Page 1

size of the capital "cushion" they maintained against possible difficulties. Under the Fed proposals, banks would be "zoned" according to the adequacy of their capital reserves.

Primary capital, representing shareholders' equity, reserves against possible future losses and other items, is an important measure of the strength of an individual bank. The primary capital ratio measures such capital base against total assets but, as the Comptroller's office has noted, it does not reflect the added risk involved in activities that do not appear on the balance sheet or the liquidity of the asset base.

Yesterday, new minimum capital requirements agreed by the U.S. bank regulators formally went into effect. Banks have been required to increase their minimum primary capital to assets ratio from 5 per cent to 5.5 per cent and a total capital to assets ratio from 5.5 per cent to 6 per cent. The new rules have already forced U.S. banks to raise an estimated additional \$2.5bn in capital since the new rules were first proposed last year in the wake of the near collapse of Continental Illinois.

The collapse of Revell, Bresler and Schulman (BRS) threatens to undermine the solvency of several U.S. savings banks, according to the Federal Home Loan Bank Board.

Preliminary estimates by the

FHLBB show that more than 75 U.S. thrifts might face total losses of more than \$500m as a result of the collapse of the BRS government securities group last week. The FHLBB study was ordered by Mr William Schilling, director of examinations and supervision.

The latest FHLBB estimate further raises the possibility that the losses stemming from the BRS failure might be substantially higher than the initial \$198m forecast.

Separately, Mr Saul Cohen, trustee of the BRS asset management unit, who at the weekend disclosed the discovery of about \$5bn in previously unknown transactions on the BRS books, raised his estimate of the total losses to \$233m.

Mr Cohen said he had uncovered net assets of about \$42m to satisfy creditor claims against asset management so far of about \$273m.

Meanwhile, the Northern Banking Group in Arkansas, which had previously given a warning that its principal banking unit might lose \$32m as the result of its dealings with BRS, reported that it arranged a \$32m capital infusion to offset the potential losses. The \$32m in additional capital will be raised through a rights issue.

The BRS collapse has further focused attention on the fragility of sections of the U.S. financial system and in particular on the savings banks.

North Sea oil groups will accept new range of prices

By Dominic Lawson in London

THE EXPECTED fight by North Sea oil suppliers against British National Oil Corporation proposals to pay them less from this month has failed to materialise.

The suppliers have started to tell the state oil trader, which is about to be disbanded, that they will accept April prices based on a \$11.5 a barrel cut in the price of Brent, the North Sea marker crude, bringing it to \$27.50.

None has so far given notice of wanting to exercise its right to have a tribunal of independent experts assess the price proposals.

So far three companies are believed to have accepted the price cut, and others last week indicated privately that they would follow suit, even though the price was below the current April spot market value of North Sea oil.

North Sea suppliers had been expected to put up a strong fight against the price cut, but for a number of reasons, not all strictly commercial, they have decided to accept the cut.

Many leading producers want to end their participation arrangements with BNOC at the earliest possible date, which is the end of this month. They fear that if they fight the BNOC April price decision, it would be very difficult simultaneously to negotiate a friendly divorce from BNOC. "It is a question of the stick and the carrot," said one oil company, "and we must give the carrot."

The oil companies are also aware that the price of \$27.50 represents exactly what BNOC averaged for its sales of April North Sea Brent crude. If BNOC were forced to pay a cent more to the companies, it would once again be making oil trading losses, which the UK Government will no longer countenance. "It would fly in the face of Government to fight this price," said one oil company executive.

The U.S. oil companies, in particular, are very sensitive about the fact that the Government is now deciding which companies should get the best prospects in the current ninth round of offshore oil and gas licences.

Finally, the North Sea producers know that for a long time they made money at BNOC's expense, when the state oil trader paid more for its supplies than the open market value of the oil. "Even with this April price cut we won't have done badly over the past six months," conceded one of BNOC's suppliers.

Meanwhile the oil companies are beginning to work out how they can best take advantage of the abolition of BNOC. The Government had said that it would set up a new oil organisation, the Government Oil and Pipelines Agency, which will handle the 250,000 barrels a day of oil taken by the Government as a royalty on production.

At least one of the larger independent oil companies is now insisting to the Government that it would like to play a part in the selling of that royalty oil.

Bechtel wins Colombian pipeline order

By Our Trade Staff

OCCIDENTAL Petroleum of the U.S. and Ecopetrol, the Colombian national oil company, have been authorised to grant a major contract to Bechtel of the U.S. to build a 288-mile oil pipeline in north-east Colombia.

Occidental officials announced that authorisation to grant the contract was given by Ecopetrol's board. Value of the deal was not announced pending final negotiations.

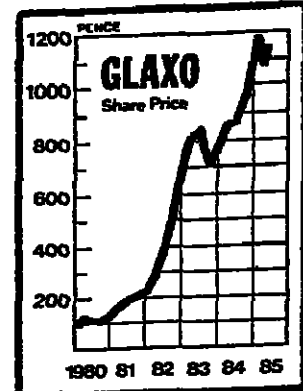
The announcement indicates that Bechtel, the largest U.S. engineering consultant and construction firm, has won its battle with GT&E-Entreprise, the subsidiary of Valorec steel group of France. The negotiating price for the deal was valued at \$500m, but both bidders were understood to be involved in a severe price cutting drive to win the deal.

The deal involves construction of the second portion of a 900-mile pipeline being built across the Andes. The first phase, 184 miles, is being built by Mannesmann of West Germany. The Bechtel segment is to connect the inland centre of Rio Zulia with the Caribbean port of Coveñas. It is the final step allowing crude oil from the huge Cano Limon oilfield to reach market.

The companies have estimated the field's reserves at 1bn barrels. Mr Armand Hammer, Occidental's chief, said the two pipelines should permit the Cano Limon field to produce 200,000 barrels of crude daily by mid-1988. Combined with Colombia's other production, that should meet all the nation's oil needs.

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Glaxo

The City has been so dyspeptic at any mention of Glaxo since the beginning of the year that some form of treatment was overdue; and yesterday's pre-tax profits to December were just the thing to provide the market a malingering and add 75p to the share price. At the same time, the Glaxo price yesterday broke its tendency to move with the U.S. dollar; on a day when the dollar shed 3c in London, U.S. investors could not find it in their hearts to sell a company that is turning in consistent profits growth that no U.S. pharmaceuticals group can match.

The curious thing is that the City, having lived and breathed Zantac since the beginning of the 1980s, managed to miss the moment when the drug broke through to spectacular profitability in the U.S. Zantac now commands around 40 per cent of the American market in anti-ulcerant preparations. Worldwide, the drug is selling on margins of 30 per cent or better and has some way to run in terms of profit contribution, even if market share cannot go on growing at an average rate of 5 or 6 per cent a year.

Glaxo has very few declining products, with even an old stager like Ventolin performing excellently in the U.S. Purely on its experience in south-east England where planning permission is hard to come by.

But if both companies see signs of maturity in their respective markets, a merger is no way to solve the problem. It just makes the numbers bigger. Asda is buying a business with good, if cyclical, growth prospects but in exchange its shareholders will suffer earnings dilution of perhaps three to four per cent this year and next. There is nothing much wrong with this deal. It is just hard to see how two and two add up to much more than four.

The fact that Entrad has managed to buy about a quarter of Total's shares so easily - in possibly the first instance of a long-weekend raid - shows plainly enough that many of Total's shareholders were only there for the bid. Over the last five years, after all, Total's retained losses have added up to £59m, and for much of the time it has looked a sitting duck. A slightly more generous offer from Entrad, perhaps 80p - and there would not have been much resistance.

For those institutional shareholders who did not unload their stock over the weekend, however, the issue must now look much less clear. After the latest batch of extraordinary write-offs - £26m for the year to January - there is a case for believing Total's claim that it can get through 1985 without cutting deeper into its equity. And that should also mean that Total's operations have been sufficiently cleaned up to be generating cover for the promised dividend increase.

Looking through the business portfolio, it is nonetheless a bit hard to see how Total can promise a lot in the way of growth. Thread is a mature commodity market, though at least Total should have recovered profits from a reorganised American Thread. But other products tend to be either too small in scale to matter - non-wovens is an attractive source of growth, though small even in relation to Total and not even wholly-owned - or obviously static, like branded clothing.

This may not matter too much if the bulk of Total's remaining shareholders are income funds, for whom a 9 per cent yield - on a likely share price near 65p - could be sufficient inducement to stick with the management. For this type of fund, dynamic growth would be a bonus.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

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Unocal's rejection sets stage for bid battle

BY WILLIAM HALL IN NEW YORK

UNOCAL, the West Coast integrated oil company, has rejected Mr. T. Boone Pickens' \$3.4bn tender offer for majority control, setting the stage for what many on Wall Street believe is going to be one of the U.S. oil industry's toughest takeover battles.

After an emergency board meeting on Saturday to consider Mr. Pickens' \$54 a share cash tender offer for 64m Unocal shares, the company issued a short statement on Sunday describing the bid as "grossly inadequate" and urged shareholders to reject it.

Mr. Pickens' group said yesterday that it had arranged the \$3.4bn financing it would need for the offer.

Unocal's decision to rebuff Mr. Pickens, who has become a Wall Street folk hero after his raids on undervalued oil companies like Gulf Oil and Phillips Petroleum, comes as no surprise given the strong antipathy between Unocal's 67-year-old chairman, Mr. Fred Hartley, and Mr. Pickens.

There was some surprise, however, at the briefness of Unocal's statement rejecting the offer. It made no attempt to justify why the bid was so inadequate when many Wall Street analysts regard the price as a fair one.

Before Mr. Pickens' arrival in late October, when he began to buy 1.8 per cent stake in the company, Unocal shares were trading in the low \$30 range. After last week's bid Unocal shares closed at \$48.75, valuing the company at \$8.5bn.

Institutional shareholders who own a large part of Unocal's 173.7m shares, are well aware that the share price would fall sharply if Mr. Pickens was to depart and this factor should work in his favour.

While Unocal's performance over the long-term has been reasonably good, over the last four years its return on equity has fallen sharply and the shares have performed poorly. Although many people in the oil industry respect Mr. Hartley, who has run the company for more than 20 years, there is no obvious

successor in the wings being groomed to take over the company.

In addition there is little prospect of much improvement in Unocal's operating environment over the next few years. As a result, analysts are well aware that Unocal's share price is unlikely to approach the \$70-plus appraisal value put on the company by J. S. Herold, the petroleum consultancy firm that specialises in valuing oil companies.

Unlike Phillips Petroleum, which fought off Mr. Pickens earlier this year, Unocal has made no effort to say what it thinks would be a fair price. It has also shown little interest in taking steps to enhance its short-term share price in response to Mr. Pickens' unwelcome overture.

Whereas Gulf Oil was forced to seek out a white knight in the form of Chevron to rescue it from Mr. Pickens, and Phillips Petroleum was forced to swap half of its equity for debt to escape him and the other corporate raiders, Unocal appears to be standing its ground.

Chase Manhattan up 31% in quarter

By Paul Taylor in New York

CHASE MANHATTAN, the third largest U.S. banking group yesterday reported a 31 per cent increase in first-quarter net earnings to \$133.9m, or \$2.92 a share, compared with \$102.5m, or \$2.55 a share, in the previous corresponding period.

The earnings improvement came despite substantially higher loan loss provisions, charge-offs and a further increase in non-performing loans - particularly those to the Venezuelan private sector - in the latest quarter. Chase said its provision in the first quarter totalled \$85m, or 27 per cent more than the \$75m provision made a year ago.

Net loan charge-offs grew 45 per cent to \$74m from \$51m a year ago and the bank's reserve for possible loan losses was increased 33 per cent to \$779m, or 129 per cent of all loans, compared with \$588m, or 104 per cent of all loans outstanding a year earlier.

Court rulings fuel row over Dornier ownership

BY RUPERT CORNWELL IN BONN

TWO COURT decisions yesterday have signalled a possibly decisive shift in the balance of power at Dornier, which in turn could hasten the acquisition of a majority stake in the strife-racked aerospace group by the Daimler-Benz motor group.

The two rulings, by separate courts in Stuttgart, are major blows to the group of heirs, led by Justus Dornier, son of the firm's founder Claude, who with a 38.4 per cent block of shares has had the decisive say in running the company's affairs.

The first invalidates the surprise sacking last February - instigated by the faction comprising Justus, his brother Christoph and sister-in-law Ellen - of Herr Manfred Fischer, brought in only five months earlier as chief executive of Dornier.

The court found that the supervisory board had breached its own

rules that day, by failing to provide adequate information for its members representing unions and employees. Theoretically, the move means that Herr Fischer can take up his former duties at once, though whether he would do so was not clear last night.

Of more immediate relevance to the possible deal with Daimler-Benz, however, was the second verdict. This overruled the opposition of Justus and his supporters to Professor Hans Thümmel, as executor of the estate of Anna, the widow of Claude Dornier who died intestate in August 1984.

This effectively means that Professor Thümmel will control the crucial 27.8 per cent held by Anna. He is reckoned to be not only aligned with the other bloc of Dornier heirs, the so-called "Friedrichshafen group" of Claudius, Silvius and Peter Dornier stock, but also a

supporter of a link-up with Daimler-Benz.

As a result the Justus-led faction, generally hostile to any such agreement, is likely to find itself the clear losers in any vote at a shareholders assembly. Unconfirmed reports last night suggested one might be convened within the next week.

Meanwhile the first public pointer to an imminent deal with Daimler-Benz emerged yesterday with a meeting, at the invitation of Herr Lothar Späth, the Baden-Württemberg premier, between representatives of the warring Dornier clan and senior executives of the motor group.

Daimler last night merely described the discussions as "for information." No indication of the size of a possible stake has been given. But analysts estimate that majority control of Dornier, which had 1984 sales of nearly DM 1.5bn (\$390.8m), could cost up to DM 500m.

Nixdorf sustains rapid growth

By John Davies in Frankfurt

NIXDORF, the West German data processing company, is continuing its rapid expansion, with sales and orders running well ahead of a year ago.

Net profit rose 29 per cent to DM 121m (\$39.8m) last year on sales 21 per cent ahead at DM 3.27bn, with just over half the sales revenue earned abroad.

The Paderborn-based company, which went public with an issue of non-voting preference shares last year, is paying an unchanged dividend of 18 per cent on its 1984 results.

Nixdorf expects business this year to show about the same rate of expansion as the last 12 months. It made a buoyant start with sales revenue in the first quarter 29 per cent ahead of a year ago, and new orders 32 per cent ahead.

The company claims to be on target to achieve its goal of doubling sales revenue over the four years to 1987.

Nixdorf has built up a particularly strong position in supplying data processing equipment to banks, insurance companies and retailers, and other medium-sized businesses.

With the convergence of computer and communications technologies Nixdorf is giving increasing attention to developments in telecommunications and expects these activities to gain in importance within the company.

Nixdorf executives have indicated that their ambitions in this field extend not only to devices for telephone users but also to equipment for use within the public communications network.

In line with this strategy, it is already taking part in field trials commissioned by the Bundespost for optical fibre visual communications services.

It also launched a digital private exchange in 1982 and is introducing a digital telephone for voice, data and video transmission.

A&A and Reed Stenhouse revise terms

By Terry Dodsworth in New York

ALEXANDER & ALEXANDER of the U.S. and Reed Stenhouse of Canada, who agreed to merge last December in a deal creating the world's second largest insurance broker, have revised the terms of the deal to take account of improved prospects at Alexander.

The two companies said yesterday that for each class A or class C share of Reed Stenhouse, holders would receive the equivalent of 0.576 Alexander & Alexander common share - or 1.738 Alexander shares for each three Reed Stenhouse shares. That represents a lower exchange ratio for Alexander shareholders than under the original agreement whereby Reed Stenhouse stockholders were to receive the equivalent of two Alexander & Alexander shares for every three Reed Stenhouse shares.

Shareholders in the two companies will receive details of the revised transaction later this week.

Metallgesellschaft to resume dividend

BY OUR FRANKFURT STAFF

METALLGESELLSCHAFT, the West German metals, engineering and chemicals group, lifted sales and profits more than expected in the first half of its current financial year, strengthening hopes of resuming a dividend payment.

The group's worldwide sales revenue reached DM 7.5bn (\$2.46bn) in the six months to the end of March, about 30 per cent more than in the relatively weak first half of the previous financial year. Operating earnings were about 25 per cent ahead.

Dr. Dietrich Natus, chief executive, stressed that the rate of increase would not be as high in the coming months because business had picked up in the comparable period a year earlier.

The company hopes to resume payment of a dividend of at least

DM 5 per share for the current financial year.

Metallgesellschaft has omitted a dividend for three successive years. A dividend of DM 4 a share was paid for 1980-81. It now claims, however, to have successfully coped with several problems in metals manufacturing and mining.

Metallgesellschaft has already made write-offs or risk provisions to cover its commitments to the Ok Tedi gold and copper mining project in Papua New Guinea.

The company still has several months to consider its attitude to proposals drawn up for the phased development of the project, which has suffered serious setbacks.

Metallgesellschaft and Degussa, the West German precious metals company, have 7.5 per cent stakes in Ok Tedi.

Akzo keen to expand in U.S.

By Our Financial Staff

AKZO, the Dutch chemicals and fibres group, stands to increase its sales base significantly if negotiations aimed at a large U.S. acquisition are agreed.

Akzo is seeking to acquire Inmont Corporation, a paint manufacturer servicing the motor industry, from United Technologies, the diversified U.S. group.

Inmont, based in New Jersey, has sales of around \$1.1bn. Last year Akzo's turnover was \$1.65bn (\$3.8bn).

Akzo, which earned \$1.75bn of profit for 1984, is eager to expand U.S. operations, especially in the coatings industry. It is trying to shift its business profile away from European heavy chemicals and textile fibres.

Akzo said earlier this year that it possessed more than \$1.1bn of cash and extensive credit lines to pursue its ambitious expansion plans. The group derives about 20 per cent of sales from the U.S.

At the start of 1983 Akzo acquired Wyandotte Paint Products, a U.S. coatings manufacturer. The company also plans to market advanced car paint colour mixing technology to car-body shops in the U.S.

Saga seeks \$400m of extra funds

By Fay Gjester in Oslo

SAGA PETROLEUM, the Norwegian energy group that last year borrowed \$800 million on the international market to help to finance its involvement in four large Norwegian shelf development projects, is negotiating \$400m of additional finance for two other projects.

Mr. Asbjørn Larsen, Saga's managing director, said the company's share of the Oseberg project would require an additional \$300m and the Gullfaks II interest around \$100m.

The company's annual report, published yesterday, shows group profit before extraordinary items up by Nkr 108.7m (\$8.3m) to Nkr 287.9m. Turnover rose to Nkr 888.1m from Nkr 619.9m, mainly as a result of higher earnings from sales of petroleum from the two producing fields, Statfjord and Murchison, in which Saga has stakes.

Profits after extraordinary items were, however, sharply down at Nkr 80.5m (Nkr 32.1m), mainly because of write-offs for heavy exploration expenditure. After tax and allocations, net profit was Nkr 24.1m, against Nkr 69.3m.

A dividend was again omitted, reflecting the company's continuing extensive investment in Norwegian shelf exploration and development projects over the next few years.

NORTH AMERICAN NEWS

FCA chiefs receive payment of \$5.2m

BY OUR FINANCIAL STAFF

FINANCIAL Corporation of America (FCA), the big U.S. thrift which came close to collapse last year, said it had paid its former chairman, Mr. Charles Knapp, and several other former executives more than \$5.2m in salary, severance pay and consulting fees in 1984 and so far this year.

FCA, parent of American Savings & Loan Association, said that, when Mr. Knapp was in office, it had lent executives "several hundred thousand dollars" at interest rates as low as 4 per cent. Except for \$350,000 loan at prime rate to Mr. Knapp, all the loans had been repaid.

The company also disclosed that Mr. William Popejoy, the new chairman, is receiving \$520,000 in annual salary. Mr. Popejoy noted that he had taken a 20 per cent pay cut from his initial salary of \$850,000 when he joined the company in August.

A key indicator of the health of the U.S. semiconductor market, the orders-to-deliveries or "book-to-bill" ratio, rose last month to 0.86 from 0.79 in February, the Semiconductor Industry Association said.

Mr. Thomas D. Hinkelman, president, said the figures indicated that the U.S. market continued to show signs of gradual recovery. The ratio stood at 0.65 in January and 0.64 in December.

Alcan Aluminum, the Montreal-based aluminium producer, has sold its 50 per cent equity interest in Aluminio Metal de Colombia to Industrias Metalurgicas Unidas, which already owns the other 50 per cent.

Aluminio Alcan is the country's second largest aluminium fabricator and operates sheet rolling and extrusion facilities. Alcan is selling its stake for \$4.5m, the book value of its investment.

Reliance Financial Services, controlled by New York City investor Mr. Saul Steinberg, told the Securities and Exchange Commission that it intended to mount a proxy fight for control of the board of Tiger International, which owns the Flying

Tiger Line air cargo carrier, as reported in some editions yesterday.

Reliance, which holds 17.8 per cent of Tiger's shares, said it had learned that the company had declined to take any action on Reliance's request to nominate representatives to Tiger's board at the company's annual meeting next month.

Golden Nugget, the U.S. casino group, has attempted to break the deadlock on its \$488m offer for a 24.7 per cent stake in Hilton Hotels, the larger California hotels and casinos concern.

Gold Nugget said it was willing to negotiate the price and payment of its \$72 a share offer for 6.8m Hilton Hotels shares owned by the estate of Hilton's founder, Mr. Conrad Hilton, who died in 1979.

Last week Hilton Hotels raised its bank credit line to \$600m from \$250m and proposed a number of anti-takeover measures.

Revlon, the U.S. cosmetics company, has joined the growing list of U.S. groups seeking approval from

shareholders for anti-takeover measures.

The company is proposing a staggered board of directors, on terms which would prevent the ousting of the entire group at a single annual meeting. It is also proposing that the stockholder action be taken at annual or special meetings.

National Intergraph, the steel, energy and financial services holding company which is shortly to merge with drugs distributor Bergan Brunswig, has reduced its 1984 net earnings figure by \$36.5m to \$13.7m, rather than the \$52.8m previously reported.

The company said the reduction reflected charges resulting from commitments made by the aluminium unit for the purchase of ingots.

Mr. Carl C. Icahn, the U.S. investor, has started his \$18 a share tender offer for 18m shares, or 33 per cent of Uniroyal, the third biggest U.S. tyre producer.

In a newspaper advertisement, Mr. Icahn said the offer would expire on May 10 unless extended.

INTERNATIONAL APPOINTMENTS

Caterpillar promotes Donis to president

BY TERRY DODSWORTH IN NEW YORK

THE APPOINTMENT of Mr. Peter Donis as president of Caterpillar Tractor, the hard-hatted earthmoving equipment group, means that the top position in the company has changed since the beginning of this year.

Mr. Donis, a long-time Caterpillar employee, but a dark horse for the job, will move up from executive vice-president level in June, only four months after Mr. George Schaefer became chairman and chief executive officer. It will be their shared responsibility to try to pilot Caterpillar back into profits after a three-year period of heavy losses in which the company has been hit by the strong dollar and increasing Japanese competition.

Like their predecessors, who have reached normal retirement age, both men have enormous experience within the group. Mr. Schaefer, 56, joined the company in 1951 and held a string of financial and operating positions before becoming a member of the five-man executive vice-president group in

1981. Mr. Donis, who is 60, became an executive vice-president in 1977 after a varied career in manufacturing and general management in the U.S. and Scotland.

The new team takes over at a time when Caterpillar is already well down the road towards a radical restructuring of the company. Jobs have been cut drastically, the dividend slashed, and factories closed in an attempt to put the company back on a firmer operating footing.

At the same time, the company has shifted production towards lower cost operations overseas, while pressing ahead with a new range of lighter equipment.

On Wall Street, the two appointments have met with over-enthusiastic approval. Mr. Schaefer is regarded as a tough manager who has been closely involved in the reorganisations of the last two years, and it is generally felt that it was he who wanted to put Mr. Donis in the president's chair ahead of some of his better-known colleagues.

Philips transplants Busch

BY LAURA RAUN IN AMSTERDAM

MR. CONSTANT BUSCH has been appointed director of corporate finance for Philips, the Dutch electronics group, effective May 1.

Mr. Busch previously served as finance director for Philips' activities in the UK. He will succeed Mr. J. H. Goris, who was named chief executive officer of Euroventures.

Euroventures was founded in the Netherlands on January 1

by a dozen members of the Roundtable of European industrialists to provide venture capital to European companies, particularly for satellite projects.

Mr. J. Knoester will take over from Mr. Busch as UK corporate finance director. He has served since November 1984 as interim corporate finance director within Philips International in Eindhoven.

Mastercharge chairman

BY OUR NEW YORK STAFF

MR. RICHARD ROSENBERG, who was recruited from Wells Fargo Bank last year as part of the new management team at Crocker National, Midland Bank's troubled West Coast banking unit, has been elected chairman of Mastercharge International, the global payments system company.

Mr. Rosenberg, who succeeds Mr. Frederick Dean, the chairman and chief executive of the Bank of Virginia, joined

Crocker as a vice-chairman in charge of the bank's California banking group last summer from Wells Fargo, where he had also served as a vice-chairman and director.

His appointment to Crocker helped complete a management shake-up at the West Coast banking group which was completed in November with the resignation of Mr. John Place as chairman and chief executive of Crocker National.

Bekaert annual results advance

BY PAUL CHEESERIGHT IN BRUSSELS

BEKAERT, the Belgian steel wire products group, boosted profits last year as its leading industrial markets strengthened.

Group net profits were Bfr 2.8bn (\$36.4m) against Bfr 1.7bn in 1983, and the Belgian parent's net profits reached Bfr 1.5bn against Bfr 753m.

This performance prompted Bekaert - Europe's largest independent wire-maker - to lift its 1984 dividend to Bfr 175 net a share, from Bfr 145 in 1983 and Bfr 120 in 1982.

Shares attracting special tax benefits arising from a period when the Belgian Government offered fiscal incentives for new investment have a payout of Bfr 259. Bekaert raised fresh capital in 1982.

The group is embarking on a diversification programme, but the results of this so far have had no more than a minimal impact on earnings.

The traditional business benefited from better demand as economic recovery in the West gathered force, and as the dollar rose. The

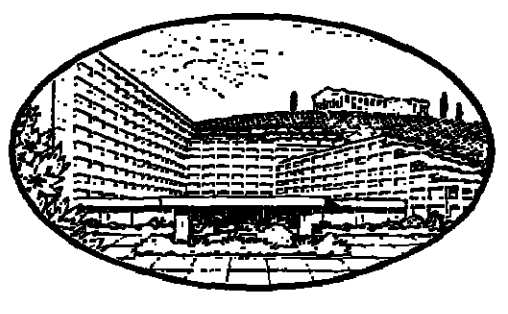
performance was sustained throughout the year; net profits were accumulating at double the rate of 1983 even in the first half of 1984.

Profits rose faster than turnover, suggesting that higher productivity in the group's traditional business is coming through in the form of higher profit margins. Turnover for the group in 1984 was Bfr 47.6bn, 30 per cent more than in 1983.

For the Belgian parent, turnover increased 21 per cent to Bfr 26.8bn.

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maxiprint plc

(Incorporated in England under the Companies Act 1948-1981 No. 1792773)

Placing by
Security Exchange Limited
in conjunction with R. Nivison & Co.
of 2,000,000 Ordinary Shares of 1p each at 28p per share

Share Capital
£110,000
Issued and to be
issued fully paid
£100,000
in Ordinary shares of 1p each

Maxiprint plc which was incorporated on the 17th February, 1984, acts as a holding company. On the 11th April, 1985 it was re-registered as a public company under the Companies Act, 1980. Maxiprint Systems Ltd which is the operating subsidiary of the Company, carries on the business of designing, developing, manufacturing and assembling equipment to simplify the production of high quality colour photographic enlargements by applying recent advances in microtechnology to colour balancing. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of the Company in the Unlisted Securities Market. It is emphasized that no application has been made for these securities to be admitted to listing. Particulars relating to the Company are available in the Extra Statistical Services and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 30th April, 1985 from:-

R. Nivison & Co.
25 Austin Friars
London EC2N 2JB.

16th April, 1985

INTERNATIONAL COMPANIES and FINANCE

Flat earnings for Daewoo group

BY STEVEN B. BUTLER IN SEOUL

DAEWOO, the only major business group in Korea to publish consolidated results, has reported after-tax earnings of 36.32bn won (\$43.9m) for 1984 on sales 4,240 bn won.

Earnings were basically flat, increasing by only 2 per cent for the year, while sales gained 25 per cent when calculated in Korean currency. In dollar terms, because of the strength of the U.S. dollar earnings declined by 2 per cent on a sales increase of 20 per cent. Earnings per share reached 242 won, up from 237 won.

The company said that consolidation for the first time of Daewoo Motor Company was responsible for 18 per cent of the increase in sales but had no net effect on profits. Revenues from overseas construction increased by 32 per cent to \$963m. Domestic construction, however, decreased by 8 per cent to 236bn won. Exports in 1984 increased by 2.5 per cent to \$3,580m, led by ships and offshore structures, machinery and rolling stock, steel, textiles and consumer electronics.

The consolidated statement includes companies of which Daewoo owns more than 50 per cent, and Daewoo Motors, which is a 50-50 joint venture company with General Motors of the U.S.

The companies fully included in the statement are Koryo Leather Industrial, a manufacturer of shoes and leather goods, Daewoo Electronics, which produces consumer electronic goods, Daewoo Development, a hotel management company, Korea Steel Chemical, Korea Capital Corporation, and Daewoo

International (America). The statement does not include consolidated results from Daewoo Shipbuilding and Heavy Machinery or Daewoo Heavy Industries, prominent companies in which Daewoo holds large minority interests.

The Daewoo group had its start in light industrial manufacturing, particularly footwear and textiles. Mr. Kim Woo-Choon, Daewoo's chairman, says he expects the company's future growth will be led by fine chemicals, electronics, and automobile manufacturing.

Two funds launched for Korean investment

By Gordon Cramb

TWO RIVAL investment trusts specialising in South Korean equities have been launched in London in the past week, in moves which come as a response to a gradual liberalisation of that country's financial markets. Seoul International Trust, launched by Baring Brothers with Vickers de Costa as co-lead, will raise \$30m each. This is the level for which permission was recently granted by the Korean Finance Ministry, and brings to \$200m the total invested in the six foreign funds launched since 1981.

The amount compares with a market capitalisation of around \$8.2bn for the Seoul Stock Exchange, where non-residents are not allowed directly to own shares. The trusts are similarly structured, with holdings in international depositary receipt form and denominated in dollars.

In accordance with ministry requirements, 30 per cent of the funds will be invested in Korean corporate bonds for the first year and 20 per cent thereafter. This proportion represents a concession by the ministry, which had sought to channel as much as half their assets into bonds in order to absorb an excess of paper which has weighed on the market in recent months.

The trusts are targeted at international institutions seeking a further diversification of their portfolios, and have proved popular in the past with Japanese investors. Last month Nikko Securities joined Jardine Fleming in launching the Korean Growth Trust.

Dubai police hold British bank manager

BY CATHY EVANS IN DUBAI

THE BRITISH general manager of one of the UAE's smaller banks has been detained by the Dubai police and is under investigation for alleged irregularities in the bank's accounts.

Mr Len Forsyth has been the general manager of the Bank of the Arab Coast for some years, and has had long experience in Gulf banking, beginning in Kuwait. He is being

held in a local police station. This is the second occasion since the last six months that local bank managers have been arrested in the Emirate. Only a few months ago, the senior manager of the Emirate National Bank, were arrested prior to the bank's takeover by the Dubai government through the Union Bank of the Middle East. The managers are still being detained pending investi-

gation. An official for the Bank of the Arab Coast said on Monday that the bank was "solid and with a low leverage." The balance sheet for last year had already been forwarded to the UAE central bank for approval. External auditors are helping the police with their inquiries, said a bank official.

The Bank of the Arab Coast is 80 per cent owned by UAE

national, including members of the ruling family of Ras Al Khaimah. The remainder is held by citizens of other Gulf countries, mainly from Kuwait. Its paid-up capital at the end of 1983 was \$33.8m, with footings at \$101m. Shareholders' funds were \$26.9m.

The bank has now appointed a new general manager and chief executive, Mr. Henri Derks, a Canadian national.

Support plan for the Galadaris

BY OUR GULF CORRESPONDENT

AFTER INTENSIVE negotiations over the last week, 19 international and United Arab Emirates banks have agreed to work together to support the Dubai-based trading group owned by the Galadari brothers until a full assessment can be given of the group's financial situation in 90 days time.

The Galadari group has appointed Arthur Young to undertake a survey of its global assets and liabilities and to make recommendations to the creditor banks. It is anticipated that some of the company's assets will be sold to ease the debt burden and to ensure the future of the remaining operations. In the meantime, a number of banks have been approached about further short-term funding to preserve the Galadari franchises.

In the last week, meetings have continued almost without interruption between the 19 banks. One of the stumbling blocks in the discussions has centred around collateral for some of the loans taken out by the Galadaris, particularly that which backed a \$68m syndica-

tion led by Citibank, which was partially covered by a mortgage on Dubai's Intercontinental Hotel and adjoining apartments.

The banks are now edging towards an agreement to recognise all commitments given as collateral and to work together to ensure an orderly restructuring. Among the banks included in the agreement is Dubai Bank, formerly owned by the two Galadari brothers and now totally owned by the Dubai government following its takeover by the Union Bank of the Middle East.

The 19 banks have elected a steering committee of seven to represent the interests of both the unsecured and secured creditors. During the 90 day moratorium, the Galadari brothers will not repay any of the principal on their loans. But it has not yet been determined whether interest is also to be suspended during the period of the moratorium. The Galadari group is anxious that its current franchises be preserved during the time needed to organise the financial restructuring. In this

way, companies which are to be disposed of can be sold as going concerns.

However, there are already reports that a number of Dubai merchants are seeking to sign up agreements for the major trading agencies. The Galadaris group currently represents Mazda, Buick and Isuzu cars, Baskin Robbins ice cream, Mitsubishi air conditioners and Canadian Pacific Airlines.

State Bank of India

State Bank of India announces

that its base rate

is reduced from

13½% to 13% per annum

with effect from

April 15th, 1985

The rate of interest payable

on 7 day ordinary deposits

is reduced from

10½% to 10% (gross) per annum

Main Office in the U.K.

State Bank House, 1 Milk Street, London EC2

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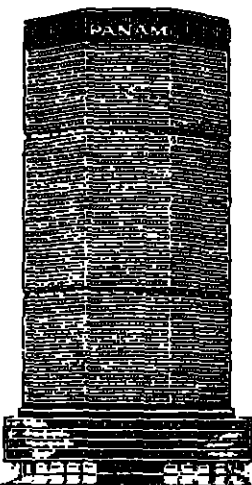
New Yorkers enjoy a well-deserved reputation for impatience. They live, work and play in the world's fastest city, and they don't like to be kept waiting.

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DAIWA EUROPE LIMITED JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Price	Other Calculations
CASIO 6/3/89	41.00 32.50	1,570 8.64 2.95
CITICORP 5/3/89	12.50 14.00	369 9.31 6.85
CITICORP 5/3/89	40.00 41.00	359 35.96 2.22
FUJIKURA CABLE 28/4/89	7.00 9.00	313 35.96 8.11
HASAGAWA CUMI 1/11/89	10.00 12.00	383 34.10 8.95
J S R 28/4/89	7.00 8.50	405 19.94 9.70
JUSCO 25/12/88	70.00 72.00	742 36.43 10.17
KAWASUMI 15/2/89	7.00 8.50	280 18.76 10.17
KUMORI PRINT	19.00 20.50	2,510 18.08 4.94
MARUZEN	9.00 10.50	510 26.26 6.66
MINESABA 20/2/89	34.00 36.00	630 67.07 2.15
MIT CHEM 20/1/89	61.00 63.00	500 8.84 2.24
MIT CORP 2/11/88	10.00 11.50	525 16.67 11.40
MIT GAS 20/3/89	70.00 72.00	742 36.43 10.17
MITSU BROS 18/10/88	10.00 12.00	180 -0.23 6.81
MITSU BROS 10/12/87	27.00 29.00	190 -1.69 4.95
MITSU BROS 10/12/87	76.00 79.00	676 27.41 1.72
MITSU BROS 10/12/87	13.75 14.75	675 19.93 6.32
MITSU PET CHEM 15/2/89	26.00 28.00	460 5.90 4.28
NIPPON MIN 17/3/89	83.00 85.00	402 39.20 11.63
NISSHO IWA 1/3/89	5.00 6.50	725 16.67 11.40
NOHARA 31/10/88	52.50 54.00	1,100 2.38 3.95
OHKAWA CEMENT 5/4/88	29.50 31.00	650 54.00 1.75
OHKAWA CEMENT 31/3/89	17.00 18.50	722 13.19 2.84
ONODA CEMENT 28/2/89	48.00 51.00	389 -2.44 2.84
OPTEC DAI-ICHI	22.50 25.00	733 13.19 2.84
OSAKA TRANSPORTER 28/1/89	16.50 18.00	651 9.56 6.05
RENOVIN 24/1/89	5.00 6.50	725 16.67 11.40
SEINO TRANSPORT 17/3/89	43.00 45.00	198 47.81 2.01
SEIYU STORES 20/3/87	13.50 15.00	369 4.13 7.51
SONY CORP	22.50 25.00	733 13.19 2.84
SUMI CONSTRUCTION 24/3/88	43.00 45.00	198 47.81 2.01
SUMI HEAVY 24/2/88	19.50 21.00	544 16.26 4.80
SUMI REALTY	9.00 11.00	1,260 26.11 7.85
TOKYO SANYO 8/6/87	141.00 144.00	719 50.33 1.11
TOKYO CORP 29/1/80	13.50 15.00	369 4.13 7.51
TORAY 5/3/87	42.00 45.00	656 53.09 1.98
TOYO ENGI 14/3/88	9.50 11.00	560 22.43 6.41
YAMATO KOGYO 29/1/80	9.50 11.00	560 22.43 6.41

Reverse Market DAB/G/H/I Further information from: J. P. Morgan, Simon Gansel or Beverly Kelly on 01-265 8800 Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 6BD

Sumitomo Trust & Banking Co. Ltd.

U.S. \$15,000,000

Floating Rate U.S. Dollar Negotiable
Certificates of Deposit Due 27th May, 1986
Callable at the issuer's option
on 23rd May, 1985

In accordance with the terms set out in the Certificates, The Sumitomo Trust & Banking Co., Ltd. have elected to exercise their call option. The Certificates will therefore mature on the 23rd May, 1985 and payment will be effected on the principal amount plus interest at 10½% p.a. at The Sumitomo Trust & Banking Co., Ltd., London.

Merrill Lynch International Bank Limited
Agent Bank

The Royal Bank of Scotland plc

U.S.\$75,000,000 Floating Rate Capital Notes due 1986 to 1994

For the three month period 16th April, 1985 to 16th July, 1985, the Notes will bear an interest rate of 9¼% per annum. Interest payable on 16th July, 1985.

Bankers Trust Company, London

Notes: Copies of the Annual Report and Accounts of The Royal Bank of Scotland plc and The Royal Bank of Scotland Group plc can be obtained from the Bank's office at 24 Lombard Street, London EC3 9BA.

NONSHIRIKU PHOTO INDUSTRY CO. LTD

NOTICE TO EDR HOLDERS

Notice is hereby given that the shareholders registered with the company on 12th April 1985 to the 20th April 1985, are entitled to receive the dividend on the 20th April 1985. The dividend will be paid in cash to the registered shareholders on the 20th April 1985. The dividend will be paid in cash to the registered shareholders on the 20th April 1985. The dividend will be paid in cash to the registered shareholders on the 20th April 1985.

THE CHASE MANHATTAN BANK N.A. April 1985 London as Depositary.



CAN \$75,000,000

11 3/4% Guaranteed Bonds due 1995

Issue Price: 100 1/4%

Issue Date: February 22, 1985

Warrants to purchase

CAN \$75,000,000

11 3/4% Guaranteed Bonds due 1995

Issue Price of each Warrant: CAN \$ 14

All Bonds unconditionally guaranteed, as to payment of principal, premium, if any, and interest, by

THE REPUBLIC OF FRANCE

Salomon Brothers International Limited

Bank America Capital Markets Group

Algemeine Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Banque Generale du Luxembourg S.A.

Banque Industrielle

Banque Paribas Capital Markets

CIBC Limited

Credit Suisse First Boston Limited

Dominion Securities Pittfield Limited

Lehman Brothers International

Merrill Lynch Capital Markets

Shimizu Leasing/American Express Inc.

Orion Royal Bank Limited

The Nikko Securities Co. (Europe) Ltd.

Westdeutsche Landesbank Girozentrale

Application has been made to list the Notes and the Warrants on the Luxembourg Stock Exchange.

February 1985

APPOINTMENTS

New Waterford Glass chief

Mr J. P. Hayes will become chairman of the WATERFORD GLASS GROUP on May 21. He is chairman and managing director of Henry Ford and Son in Ireland.

THE BRITISH LINEN BANK has made the following appointments: Mr Ian Kirkpatrick, assistant director at the London office, to be senior assistant director; Mr Lindsay M. Forbes, to be assistant director, banking department, at the London office.

Mr Simon Kester has been appointed chairman of FINE FOODS INTERNATIONAL. Mr Martyn Camden-Fratt is sales director and Mr David Cantor, finance and administration director.

Mr Ted Markwick has been appointed chief executive of THE CARPHONE GROUP. Mr Markwick has run his own printing/consultancy company since leaving Securitor in 1984. He was the assistant managing director of the company being responsible for the commercial

direction of Securitor and its subsidiaries, including Securitor Communications where he was managing director.

Mr Stephen Briggs has been appointed managing director of WINECRAFT. Mr Briggs activated the non-trading company with the financial backing of the Charterhouse Business Expansion Fund to acquire the good-will and business connections of Home Winecraft (Leicester). Mr Ron Blasland is finance director of Winecraft.

Mr Richard D. Hipperson has been appointed chief executive of RIETER-SCRAGG from May. He was financial director and deputy chief executive. Mr M. G. Kitchell and Mr D. J. Gibbons have been appointed technical and marketing director respectively. These appointments follow the retirement of former chief executive Mr Geoffrey E. Bucklow who remains a non-executive director.

Mr H. J. (Maurice) Porter has been appointed a director of

FORELLE GROUP. He is managing director of capescope Properties and Forelle Estates. Mr Harry Kirk has resigned as a non-executive director of the Forelle Group.

BROWN SHIPLEY INSURANCE SERVICES has made the following appointments within Holmwoods & Back & Manson (Schools). Mr A. C. D. Ingleby-Mackenzie has been appointed chairman and Mr D. J. L. Godfrey managing director. Mr R. N. Ames, chairman of Brown Shipley Insurance Services will continue as a director of Holmwoods & Back & Manson (Schools).

C. T. BOWRING has made the following appointments: Mr C. Godwin, Mr R. Pickup, Mr D. J. Abernethy and Mr R. M. Brown have been appointed directors of C. T. Bowring & Co (Insurance). Mr J. R. Hetheridge has been appointed a director of Bowring Marine Insurance Brokers. Mr R. Pickup and Mr J. A. T. Edsall have been appointed directors of Bowring

Aviation. Mr C. Godwin has been appointed an executive director and Mr R. Gryson has been appointed a director of Bowring Non-Marine Insurance Brokers.

Mr John A. Biggam has been appointed a non-executive director of CHLORIDE GROUP. He is currently group executive director of Dunlop Holdings. Mr Tony de Beer, a non-executive director since 1978, wishes to devote more time to other business interests and accordingly will not be seeking re-election at the annual meeting in July.

Mr John R. Lovejoy has been appointed associate director, lending of the ROYAL TRUST COMPANY OF CANADA. He was a director of Banque Arabe et Internationale d'Investissement, formerly Gray Dawes Bank.

Mr Denis L. Lofts has been appointed country manager—UK for the start-up engine business group of GENERAL ELECTRIC COMPANY OF THE USA.

Mr General Sir David House has been appointed a member of the Yorkshire and Humberside regional board of LLOYDS

BANK. Sir David is a former gentleman usher of the Black Rod, House of Lords.

BURRUP MATHIESON AND COMPANY has appointed Mr John W. Waterlow as sales director, responsible for City and commercial sales; Mr Christian P. N. Poltera as sales director—City, responsible for sales to the financial and banking community; and Mr David Alder as sales director—new business, responsible for the development of new clients. The company is part of the Exel Group.

Mr A. W. Behrens and Mr G. W. Lawson have joined the partnership of SCOTT GOFF LAYTON & CO, stockbrokers.

Mr Freddie Aldous, chairman of Swan National Rentals and Leasing, has been elected president of the British Vehicle Rental and Leasing Association (BVRLA). His term of office will run for three years. He becomes the first person in the rental/leasing industry to hold jointly the positions of president of the BVRLA and The European Car and Truck Rental Association (ECATRA) at the same time. Mr Aldous was elected president of ECATRA, the first Briton to hold the post, in May 1984.

Mr R. F. Fitzpatrick, Mr D. A. Hurst-Brown, Mr R. C. R. Mallowes and Mr D. J. S. Barnett have joined the partnership of ROWE AND PITMAN, stockbrokers.

STANDARD CHARTERED MERCHANT BANK has promoted Mr David Lockwood and Mr Russell Taylor to senior assistant directors of the banking division. Appointed assistant directors are Mr Michael Andrew and Mr Alan Bowers, both from the capital markets division; Mr Anthony Sperry, special projects; and Mr Colin Westwood, international project finance division.

PIONEER CONCRETE SERVICES has appointed Mr Norman Nolan as managing director of its UK subsidiary, Pioneer Concrete (Holdings). Previously he was executive of the group's operations in Hong Kong.

FLETCHER DENNY'S SYSTEMS has appointed a new managing director. He is Mr Paul Strassburger, who has been a director since 1982, and was previously responsible for public sector sales and marketing.

UNITED TRANSPORT INTERNATIONAL has appointed three senior executives to the board of its UK and European holding company, the United Transport Co. They are: Mr Richard R. Dawkins—chairman and managing director of the international ferry freight group; the company's tank load division; Mr Philip T. Harrison—chairman of United Heavy Transport and of United Contract Hire; and Mr Michael J. Jamieson—formerly financial director of the company's international ferry freight group and currently financial director designate of the United Transport Co.

Mr Richard Jacobs has joined Microprocessor Developments (MPD) as director of sales and marketing.

GENERAL FOODS, Banbury, has appointed Mr Doug Halliday, marketing manager, desserts division, to the UK board, creating the new position of desserts marketing director.

Mr Adrian Flynn has been appointed to the newly-created position of sales and technical director at DCE GROUP. He came from Salford Industrial Measurement.

From May 12 Mr P. Elliott, secretary, ROYAL INSURANCE, becomes deputy general manager, Royal Insurance (Int). Mr J. P. Barber, deputy secretary, Royal Insurance, takes over from Mr Elliott.

Mr Don Ford, manager U.S. for British Airways for the past two years, has been appointed as the BRITISH TOURIST AUTHORITY's general manager in North America. He takes up his new post on May 1. He succeeds Mr Frank Kelly, who has returned to London after three and a half years in New York, to become director of international activities.

Mr John P. Davis has been appointed group managing director of AEROSPACE ENGINEERING. In October 1983 Mr Davis joined VFP Fluid Power, a subsidiary, combining the posts of sales and marketing director and assistant managing director. He was appointed managing director in January 1984, and will continue his association with VFP as chairman.

Following NEWSTECH's acquisition by Powerline earlier this year, Mr Clive Hensley has been appointed managing director.

At BUCKMASTER AND MOORE, stockbrokers, Mr David Butler, Mr Christopher Davenport, Mr Edward Gossell and Mr Jeremy Matthews have joined the partnership.

Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

Preliminary Profit Announcement and Balance Sheet and Notice of Final Dividend on the Ordinary Shares

Subject to final audit, the income statement for the year ended March 31 1985 and the balance sheet at that date, are as follows:

Income Statement		Company and associated company	
		1985	1984
		R million	R million
Dividend from associated company		39.3	39.3
Income from investments		20.4	20.3
Interest earned		1.0	0.7
Administration and other expenses		60.7	60.3
Profit before taxation		59.8	59.4
Taxation		0.4	0.3
Profit after taxation		59.4	59.1
Preference dividends		0.3	0.3
Profit attributable to ordinary shareholders before share of retained profit of associated company		59.1	58.8
Retained profit of associated company		145.7	105.3
Profit before extraordinary item		204.8	164.1
Share of associated company's extraordinary item		15.3	1.6
		220.1	165.7
Ordinary dividends:			
Interim No. 89 of 150 cents per share		15.0	15.0
Final No. 90 of 440 cents per share		44.0	44.0
		59.0	59.0
Retained profit		161.1	106.7
Transfer to non-distributable reserve		161.0	106.9
		0.1	(0.2)
Unappropriated profit, March 31 1984		4.7	4.9
Unappropriated profit, March 31 1985		4.8	4.7
Earnings per ordinary share:			
Excluding share of retained profit of associated company—cents		591	588
Including share of retained profit of associated company—cents		2 048	1 641
Dividends per ordinary share—cents		590	590

Balance Sheet		Company and associated company	
		1985	1984
		R million	R million
Capital		10.0	10.0
Non-distributable reserve		897.8	675.6
Distributable reserves		79.6	79.5
		987.4	765.1
Represented by:			
Investment in associated company		969.2	752.0
Liased—Market value R969.2 million (1984: R959.4 million)			
Other investments		11.6	11.6
Unliased—Directors' valuation R119.8 million (1984: R104.0 million)			
Current assets		980.8	763.6
Debtors		43.1	42.8
Holding company			
Loan at call—Anglo American Corporation of South Africa Limited		2.8	2.8
Current liabilities		45.9	45.6
Shareholders for dividend		44.0	44.0
Creditors		0.3	0.1
		44.3	44.1
Net current assets		1.6	1.5
		982.4	765.1
Number of ordinary shares in issue		10 000 000	10 000 000
Net asset value per share (after providing for dividend)—cents		10 855	10 598

Note: It is expected that the forty-ninth annual report of the company in respect of the year ended March 31 1985 will be despatched to members on or about April 30 1985.

FINAL DIVIDEND

On April 15 1985 a final dividend (No. 90) of 440 cents per ordinary share (1984: 440 cents), for the year ended March 31 1985, was declared payable on June 4 1985 to shareholders registered in the books of the company at the close of business on April 26 1985. This dividend, together with the interim dividend of 150 cents per share declared on October 4 1984, makes a total of 590 cents a share for the year ended March 31 1985 (1984: 590 cents).

The ordinary share transfer registers and registers of members will be closed from April 27 to May 10 1985, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 3 1985. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on April 29 1985 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries on or before April 26 1985.

The effective rate of non-resident shareholders' tax is 14.9800 per cent. The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries. Consolidated Share Registrars Limited, 1st Floor, Edgars, 40 Commissioner Street, Johannesburg 2001 and Hill Samuel Registrars Limited, 6 Greenock Place, London SW1P 1PL.

By order of the Board

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Secretaries

per: D. M. Davidson

Divisional Secretary

London Offices

40 Holborn Viaduct

London EC1P 1AJ

April 16 1985

Futures Instruments, Futures Trading

Futures/Risk Protection

The Banker in May will be discussing the futures markets around the world. The link-ups between exchanges and the international dealers and brokers who operate across the world's leading markets. Banks, brokers and institutions committed to the expansion of the international futures markets who wish to advertise in the May issue of The Banker should contact:

The Marketing Director
THE BANKER

102 Clerkenwell Road, London EC1
01-251 9321 Telex: 23700

Eni International Bank Limited
ECU 135,000,000

Guaranteed Floating Rate Notes due 1992

Unconditionally and irrevocably guaranteed by

Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period April 16, 1985 to July 16, 1985 has been fixed at 10 1/4% per annum. Interest payable on July 16, 1985 will be ECU259.10 per Note of ECU10,000.

Agent
Morgan Guaranty Trust Company of New York
London Branch

U.S. \$100,000,000

National Westminster Bank PLC

Floating Rate Capital Notes 1994

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 16th April, 1985 to 16th October, 1985 the Notes will carry an Interest Rate of 9 3/4% per annum. The interest payable on the relevant interest payment date, 16th October, 1985 against Coupon No. 13 will be U.S. \$47.66.

By Morgan Guaranty Trust Company of New York, London
Agent Bank

NSK

Notice to the Bondholders of

NIPPON SEIKO K.K.

U.S.\$30,000,000 7 1/4 per cent. Convertible Bonds Due 1994
U.S.\$20,000,000 6 1/2 per cent. Convertible Bonds Due 1996
U.S.\$70,000,000 3 1/4 per cent. Convertible Bonds Due 1999

Pursuant to the Terms and Conditions of above-mentioned Bonds, we hereby notify as follows:

- The Board of Directors authorized on 10th April, 1985, to effect a free distribution of shares at the rate of five (5) new shares for each one hundred (100) shares held as of 3:00 p.m. on 30th April (Tuesday), 1985 (the record date).
- Accordingly, the Conversion Price of the above-mentioned Bonds will be adjusted pursuant to Condition 6 of Terms and Conditions of the Bonds effective as from the 1st May, 1985 Tokyo Time.

	Conversion Price before adjustment	Conversion Price after adjustment
(1) U.S.\$30,000,000 7 1/4 per cent. Convertible Bonds Due 1994	Yen 319.60	Yen 304.40
(2) U.S.\$20,000,000 6 1/2 per cent. Convertible Bonds Due 1996	Yen 530.20	Yen 505.00
(3) U.S.\$70,000,000 3 1/4 per cent. Convertible Bonds Due 1999	Yen 636.00	Yen 605.70

NIPPON SEIKO K.K.

3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan

Dated: 16th April, 1985

UK COMPANY NEWS

Glaxo advances 66% to £195m

Glaxo Holdings, pharmaceutical manufacturer, lifted pre-tax profits by some 66 per cent from £117.4m to £194.5m in the six months to December 31, 1984, on sales 37 per cent higher at £756.1m, against £550.2m.

Movements in foreign exchange rates have had a material effect on the conversion into sterling of sales made in foreign currencies and it is estimated that these have increased the sterling sales figures by £50m.

Exchange rate movements have however, had a comparatively small effect on pre-tax profits and are estimated to account for £12m of the increase in profit.

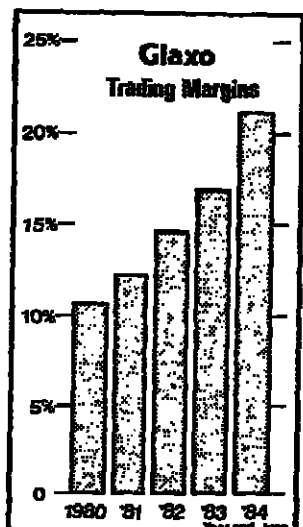
Trading margin for the half year was 23 per cent. Trading profits climbed from £108m to £173.7m in the period. Pre-tax results included increased investment income, less interest payable, of £13m (3.5m) and unchanged associates' contributions of £7.9m. After tax of £64.1m (£41.4m) and minorities, net profit came out at £123.6m, against £74.9m.

Earnings per 50p share are stated up from 20.3p to 34.7p and the net interim dividend is raised by 2p to 6p — last year a total of 13p was paid on record £256m pre-tax profits.

Last month, Glaxo announced



Mr Paul Girolami, the chairman-elect of Glaxo



of 15 per cent—and sales overseas rose by 57 per cent to £496m. Wholesaling sales by Vestric were up by 8 per cent to £173m.

Sales of Glaxo's major products showed considerable growth over the comparable period last year. Ranitidine, its anti-ulcerant, has been introduced into all major markets, having been launched in Japan and France towards the end of 1984.

The group's new injectable broad-spectrum antibiotic, ceftriaxime, is now sold in 12 countries and continues to gain wide acceptance. Glaxo hopes to introduce this product into the U.S. during 1985 and into Japan in the following year.

Mr Paul Girolami has been appointed deputy chairman, in addition to his present post as group chief executive. He will succeed Sir Austin Bide as chairman following the next AGM to be held in December. Sir Austin, having reached the age of 70, will retire from the board and will become honorary president.

Mr Bernard Taylor is appointed deputy chief executive and will succeed Mr Girolami as chief executive on February 1, 1985.

See Lex

Bass takes Horizon stake up to 25.6%

By Martin Dickson

Bass, the brewing group which last month announced a joint venture agreement with Horizon Travel, has increased its stake in the holiday company from 15 per cent to 25.6 per cent. But it said yesterday it had given Horizon assurances it would not be launching a takeover bid.

Bass, Britain's biggest brewer, said that it had bought 5.2m Horizon shares in the market from a number of sellers after consultation with Horizon's board.

The two companies last month agreed to combine their overseas hotel and apartment businesses in a 50-50 shared joint venture. As part of the deal, 7.47m new Horizon shares are to be issued to Bass, giving it 15 per cent of the enlarged capital.

Bass said that it had given "assurances satisfactory to Horizon in respect of Horizon's wish to continue as an independent company."

The buying of additional shares was seen by the market partly as a means of frustrating any hostile takeover bid for Horizon from a third party, such as Grand Metropolitan, which has a 5 per cent holding in the travel group.

Bass said that the stake had been increased because we believe an investment in four operating would be profitable for us in the longer term."

The company said it was unlikely to be the market for many more shares unless it felt the price justified it.

Bass shares closed last night at 540p, up 5p on the day, while Horizon closed at 137p, up 5 1/2p.

P & O lifts stake in Ocean Transport

Peninsular and Oriental Steam Navigation Co. has increased its stake in fellow shipping company Ocean Transport and Trading from the 8.63 per cent holding it revealed at the start of this month to some 10 per cent.

P & O has described its stake as a "trade investment." But there has been widespread speculation that Sir Jeffrey Sterling, P & O's chairman, is building a stake in Ocean either to launch a full bid or as a means of gaining full control of Overseas Containers Ltd.

OCL, one of the world's largest container shipping companies, is owned jointly by P & O (47.4 per cent), Ocean (32.8 per cent) and the British & Commonwealth Shipping Co (19.8 per cent).

London and Northern in £23m U.S. acquisition

By Charles Batchelor

London and Northern Group, the civil engineering, construction and building products company, is to pay up to £23m (£23m) for Rockville Crushed Stone, a U.S. quarry operator. L and N will partly fund the purchase by a one-for-four rights issue raising £14m after expenses.

It accompanied its announcement with a forecast that it made profits of not less than £18m in line with City expectations—before tax and minority interests of £11m in the year ended December 1984. This compared with pre-tax profit of £15.5m in 1983.

The board proposes paying a final dividend of 3.05p per share compared with 2.5p in 1983 to make a total 1984 payment of 4.9p (4.5p). It expects to pay an interim for the current year of 2.1p on the enlarged capital (£1.85p) and a final dividend at least equal to the 1983 dividend.

L and N already operates a number of quarries in the UK producing 2m tonnes of stone a

year, but Rockville will more than double the company's total output with its annual production of 3m tonnes. L and N is the latest in a long line of British aggregates producers to move into the U.S.

Redland bought a Texas quarry group in late 1982 while Tarmac bought the Florida quarry interests of Lone Star, the U.S. cement-maker at the end of last year.

Other UK aggregate groups have said they are looking to make acquisitions in the U.S. to compensate for sluggish market conditions in the UK.

L and N is to set up a new U.S. subsidiary, London and Northern America Inc. to buy Rockville, a company presently owned by the Langefelder Trust. L and N will take a 91.3 per cent interest with the remaining shares being held by Mr Jim Topper, currently manager of the quarry and chief executive of the company's U.S. subsidiary, Rockville ARCA.

Rockville operates a quarry at Travilah, Maryland, 20 miles from Washington DC and the nearest source of quarried stone to the U.S. capital. It made 1984 profits of more than \$5m.

It produces stone for a wide range of construction uses including asphalt, hard core for roads and tarmac, railway ballast and erosion control.

Mr Edward Kenmir, general manager of L and N, said the company had been looking for further openings in the U.S., where it already has oil and gas interests.

L and N will pay an initial £23m for Rockville and a further \$3m in five annual instalments if planning permission is granted for another quarry at an additional location. Sheppard and Associates, the stockbrokers, yesterday successfully underwrote an issue of 21.94m new 50p L and N shares on the basis of one for four at 86p per share. L and N's shares fell 5 1/2p to 79 1/2p.

Fitch Lovell purchases meat processor for £13m

By Charles Batchelor

Fitch Lovell, the food wholesaler and manufacturer, has bought the Trent Meat Company for £13m in a deal which once again expands its meat processing business.

Fitch has spent the past three years reducing its dependence on this activity.

Trent, a company founded and still largely owned by Austrian-born Mr Adolf Winter, will take Fitch into continental meats, an area where it is currently not represented.

Trent increased pre-tax profits to £14m in the year ended August 1984 from £1m the year before and is expected to make about £2m profit in the current year. It has bucked the trend which led to a falling in Fitch's own profits in the six months ended last October by combining meat trading with processing.

An "unprecedented" rise in pig prices hit Fitch last year and reduced first half profits by £500,000 to just over £7m.

Trent is based at Brighouse, Yorkshire, and has plants there,

that conditional agreement had been reached for the sale of its UK wholesaling company, Vestric, to AAR Holdings for 15m. The sale was completed on March 29 and the loss on disposal of about £10m will be

LMI backs Allied offer with £7m profit forecast

By Martin Dickson

London and Midland Industries, which is making a contested £45m takeover bid for Allied Textile Companies, yesterday backed up its offer with an estimate that its profits in the year to March 31 were not less than £7m, up 40 per cent on the previous year.

The estimate came in LMI's offer document which said there was a "compelling financial and commercial logic" for its bid.

LMI is an industrial holding company, while Allied is a investment group. Mr Bill Beedow, LMI chairman, Huddersfield-based textile and man, said in the document that while recession had hit both companies over the past five years "LMI had shown stronger growth in pre-tax profits and more consistent growth in earnings per share."

Shareholders were being offered the opportunity to participate in a "diversified international group with substantial interests in the UK and the U.S. which had shown growth in pre-

tax profits over the past three years of 245 per cent."

Acceptance, the document added, would mean an increase in income of 210 per cent, and of 317 per cent for those who accepted the partial cash offer. It was also 25 per cent above the capital value of Allied shares on April 1, the day before the announcement of the offer.

As for commercial logic, the document said that "LMI has a proven record of successful integration of quality businesses."

Mr Beedow said it was his board's policy to seek businesses which fell within the group's established criterion of high quality, well managed, specialist businesses. He added that the acquisition of Allied would result in a substantial decrease in LMI's gearing, together with an increase in its earnings potential.

On the basis of last night's LMI closing price of 190p, up 1p on the day, the paper offer of £43p per Allied share compared with an Allied close of 510p, up 30p.

Rising costs leave NMW lower

Following the acquisition of Timon Computers last November, and increased revenue costs, pre-tax profits at NMW Computers showed some decline from £15.5m to £12.3m for 1984. Turnover moved ahead from £3.2m to £4.07m.

They said that there has been a "high level of success" in sales this year, with six firms having signed contracts so far. The final dividend has been held at 3.5p which maintains the total at 6p. Earnings per 25p share of this USM stock are shown as down from 17.5p to 17p. A one-for-four scrip is also proposed.

The directors point out that significant revenue costs were incurred during the year under review in connection with substantial re-equipment of customers with new NMW Series 2000 microcomputers. The cost of setting up parallel support services for this inevitably affected profitability.

However, they say the expenditure is necessary to put NMW in an unrivalled position to take advantage of opportunities which will be brought about by the imminent "de-regulation" of the UK securities industry. NMW provides accounting services and Tolman facilities for stockbrokers.

Preparation for such opportunities took the form of an enhanced software capability through the acquisition of Timon which is already active in the finance industry, and the continued development of the Series 2000 microcomputer.

Cartwright makes staunch rejection of Henderson bid

By Martin Dickson

Henderson Group, whose products range from garage doors to security systems, yesterday launched a £0.8m paper takeover bid for Cartwright (Holdings), building products group, which immediately rejected the offer as "opportunistic and totally inadequate."

Mr Norman Parker, Henderson's managing director, said the reason for the bid was the "quite remarkable fit" of the two companies' products.

Cartwright, which recorded pre-tax profits down to £1.45m in 1984 from £1.82m in 1983, makes door and window furniture, aluminium die castings, architectural and security items.

Henderson's main interests include the manufacture of garage doors, sliding door gear and domestic ladders, electric motors and security items. Commercial security systems.

It accompanied its bid with an estimate that pre-tax profits for the year to March 2 would be approximately £2.6m, compared with £2.7m the previous year. The final dividend would be 3.75p a share, making a total for the year of 6p, up 20 per cent on the previous year.

Henderson, advised by Robert Fleming, is offering 5 of its ordinary shares for every nine Cartwright. On the basis of last night's Henderson closing price of 285p, down 5p on the day, that values each Cartwright share at 145p. Cartwright closed last night at 165p, up 5 1/2p on the day.

Henderson, which already owns 4.8 per cent of Cartwright's shares, said that after a series

of acquisitions in recent years—including Abru, the ladder maker and distributor, in February—it had established a sales and distribution strength in both the builders' merchant and DIY markets which allowed it to promote a broader product range.

The door and window furniture manufactured by Cartwright would provide that broadening. Moreover, Cartwright's locks could be sold not only through builders' merchants and DIY outlets, but through Henderson's increasingly important security division.

Cartwright, which is advised by County Bank, was approached by Henderson on April 2 about a takeover. But Mr Bob Peare, Cartwright's chairman, said last night the company "wished to remain independent."

Plasmec Pre-tax profits of Plasmec rose from £241,000 to a record £287,000 in 1984 to exceed the £275,000 forecast made last October at the time of the company's entry to the USM. Turnover rose from £6.3m to £7.01m.

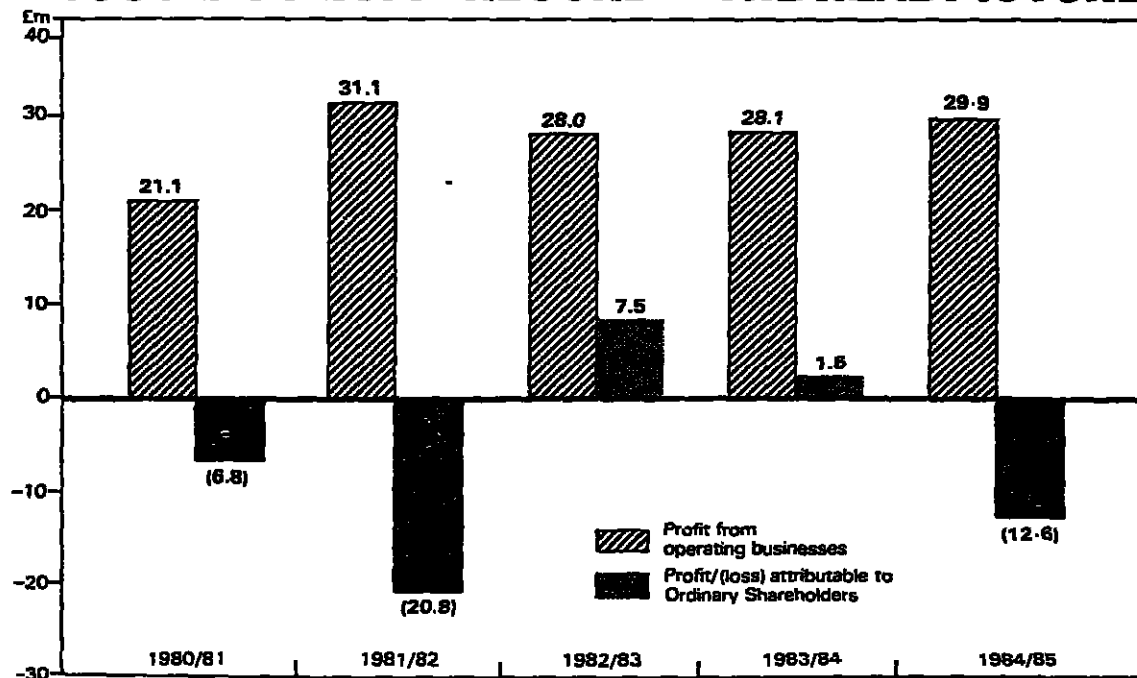
Stated earnings per share were 9.3p (8.2p) and a final dividend of 2p makes 3.5p net for the year. Prospects for 1985 look encouraging and the directors are confident of a satisfactory outcome.

Interest charges rose from £133,000 to £180,000. Tax took £239,000 (£249,000) and there was an extraordinary debit this time of £300,000 for a deferred tax provision.

This advertisement is published by S. G. Warburg & Co. Ltd. and Citicorp International Bank Limited on behalf of Entrad Investments (U.K.) PLC.

TOOTAL

TOOTAL'S PROFIT RECORD - THE REAL PICTURE



Do not be misled by the picture Tootal directors are attempting to present. Shareholders have suffered net attributable losses of £31.1 million over the past five years. More than one-third of these losses occurred during the last financial year.

ACCEPT ENTRAD'S OFFER FOR YOUR

TOTAL
SHARES

The Directors of Entrad Investments (U.K.) PLC (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the Directors accepts responsibility accordingly.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding for year	Total for year	Total for year
Atlantic Computers	1.5	June 10	0.57*	2.25	0.67*
Fortnum & Mason	30	May 24	25	35	28.5
Brikat	1.51	July 15	—	—	0.75
Close Bros.	3.63	May 24	2.5	—	5.81
Glaxo	6	June 14	4	—	15
Highland Dist.	0.68	June 7	0.52	1.76	—
Johnson & Johnson	2.5	—	2.5	3.5	3.15
Lamont Holdings	2.4	July 1	1.2	3.1	1.7
Manson Finance	0.63	May 17	0.5	—	1
NMW Computers	3.5	June 14	3.5	6	6
Penland Inds.	2.1	July 4	1.4*	3.5	1.74*
Plasmec	22	—	—	—	—
Rugby Cement	3.3	July 1	3.1	6.2	5.8
William Sindall	8	—	6	10	8
Travis & Arnold	5.97	—	5.15	7.92	6.83

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. † For 10 months to July 31, 1984.

BROWN GOLDIE & CO. LIMITED

Development Capital for Private Companies
Management Buy-Outs

Write or telephone: Cameron Brown or Peter Goldie, Brown Goldie & Co. Limited, 16 St. Helen's Place, London EC3A 6BY. Telephone: 01-638 2575.

The Scottish Metropolitan Property PLC

Interim Statement

	Half-year to 1984/85 (unaudited)	Half-year to 1983/84 (unaudited)
Net Revenue from Properties	£3,841,332	£3,471,671
Other Income	276,383	515,573
Interest Paid and Admin. Expenses	188,869	699,015
Group Profits before Taxation	3,298,846	3,288,529
Taxation	1,217,336	1,465,141
Available for Dividend	2,081,510	1,823,388
Dividend—Interim	1,649,338	1,552,104
Carried to Reserves	432,172	271,284
Earnings per share	2.15p	1.88p

The Directors have declared an increased interim dividend of 1.7p per share (1984—1.6p per share) on an issued share capital of £19,403,973 (£19,401,296) and anticipate that they will be able to recommend an increase in the rate of final dividend for the year ending 15th August 1985.

We are proud to announce that Messrs. Pascal Besman & Bruce Berkowitz of our company have been appointed Certified Financial Managers

Merrill Lynch

Merrill Lynch, Pierce, Fenner & Smith Ltd.
153 New Bond Street, London W1 Tel: 01-493 7242
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Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers
8 Lovat Lane London EC3R 8ET Telephone 01-421 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross Yield	%	Fully
144	123	Ass. Brit. Ind. Ord.	143	—	6.1	4.4	7.9
151	125	Ass. Brit. Ind. CULS...	148	—	10.0	6.7	—
77	51	Almepac Group	57	—	5.4	11.2	6.3
42	28	Armstrong & Rhoads	34	—	2.9	8.5	12
145	108	Bardon Hill	144	—	3.4	2.4	14.5
58	42	British Tech. Sigs	52nd	—	3.9	7.4	8.5
201	170	CCL Ordinary	170	—	15.7	13.8	—
152	110	CCL 11c Conv. Pref.	110	—	8.7	0.6	—
105	100	Carborundum Ord.	105	—	10.1	12.2	—
86	84	Carborundum 7.5pc Pf.	86	—	10.1	12.2	—
73	50	Deborah Services	50	—	6.5	13.0	4.8
314	182	Frank Horrell Pr.Ord.	314	—	—	—	12.6
268	170	Frederick Parker	27	—	9.6	3.6	10.8
32	25	George Blair	38	—	—	—	3.9
100	23	Ind. Precision Castings	23	—	15.0	7.1	6.3
218	188	Isle Group	189	—	4.9	4.7	7.5
124	101	Jackson Group	105	—	12.7	5.6	8.7
288	213	James Burrough	244	—	5.0	5.8	8.8
93	83	John Howard & Co.	88	—	15.0	15.3	7.7
210	103	Lingaphone Ord.	210	—	3.8	0.6	46.8
100	83	Lingaphone 10.5pc Pf.	96	—	5.0	10.8	51.2
650	300	Minihouse Holding NV	650	—	—	—	17.4
444	349	Trevian Holdings	349	—	4.3	1.3	18.3
82	61	Torrey and Carlisle	77	—	1.2	8.0	3.1
28	17	Unilock Holdings	34	—	4.3	1.3	18.3
98	81	Walter Alexander	94	—	17.4	8.0	6.1
247	216	W. S. Yeates	216ad	—	—	—	10.8

Prices and details of services now available on Prodata, page 48145

Direct banking, worldwide

Statement by the Chairman, The Rt. Hon. Lord Barber

Profits before taxation of Standard Chartered PLC for the year to 31 December 1984, including associated companies' profits, amounted to £290 million, which was 8% higher than in 1983. This figure was struck after specific and general provisions of £169 million against bad and doubtful debts of which £51 million relate to general provisions. We have continued to take a cautious view of asset quality in all our major trading areas and have considered it prudent to establish a high level of specific provisions, as well as nearly doubling the allocation for general provisions; the latter now stand at £200 million. This policy has also been reflected in the balance sheets published by Union Bank and Standard Bank Investment Corporation.

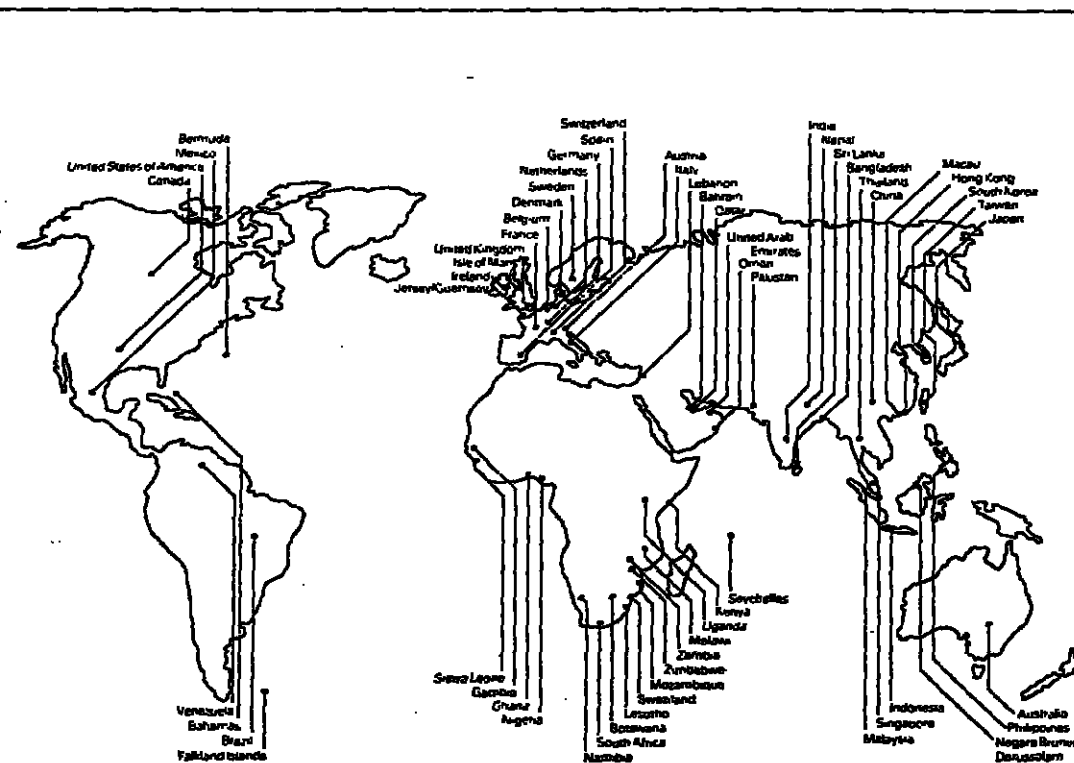
In 1984, due primarily to tax changes in the United Kingdom and South Africa, the tax charge is proportionately higher than the year before and this has resulted in a fall in profits after taxation and minority interests to £100 million compared with £114 million in 1983.

An interim dividend of 9.5 pence per share was paid in October and the recommendation of the Board is for a final dividend of 19.0 pence, payable on 17 May 1985, to shareholders registered on 25 April. The total payment for the year of 28.5 pence per share is covered 2.3 times by earnings.

Shareholders' Funds £1,570 million

The operating results for 1984 reflect excellent performances from South Africa, mainly in the commercial banking business, and from Union Bank in California. However, the South African contribution to Group results was diminished by the 23% depreciation of the rand against sterling. Hong Kong operations recovered strongly from the property related difficulties experienced in 1983. Elsewhere in the Asia Pacific region Malaysia recorded a satisfactory increase in profits, but Singapore's results were disappointing due to a combination of intensely competitive conditions, bad debt provisions and a temporary loss of revenue of approximately £5 million on the newly completed building. Our banking activities in Tropical Africa again achieved satisfactory overall results. In the United Kingdom, our treasury and eurocurrency activities advanced to higher profit levels whilst the commercial banking branches recovered well from the disappointing results of the previous year. Chartered Trust also had a satisfactory increase in profits.

Profits before taxation include non-recurring losses of £18 million relating to the write-down of certain investments in South East Asia, a realignment of the US branches' bad debt provisions to generally



2,000 offices in over 60 countries

accepted US practice and a 50% provision on the Johnson Matthey Bankers indemnity.

As stated at the Annual General Meeting last May, an amount of £16.4 million has been set aside as an extraordinary item in respect of the adverse impact of the 1984 Finance Act on the Group's tax-variable lease portfolio. Following the announcement in the recent South African budget of a special levy on banking deposits, an amount of £5.6 million, representing Standard Chartered's share of the estimated Rand 24 million charge, has also been included as an extraordinary item.

The effect of exchange rate movements on pre-tax profits was broadly neutral, with the benefit of a stronger US dollar being counterbalanced by devaluation against sterling of the South African rand.

Total assets employed increased by £5.6 billion to £34.5 billion; approximately £3.1 billion of the increase relates to the effect of currency movements.

Since my last statement, there have been two significant capital raising operations. In November 1984, US\$300 million of subordinated capital was raised by an issue of undated floating rate notes for deployment in the eurocurrency business of the Group. In view of the permanent nature of such capital, we have thought it appropriate to show this issue separately from the Group's dated loan capital and to classify it as permanent capital employed in the business along with the equity funds of ordinary and minority shareholders.

It is attractive for us to have such permanent capital raised in US dollars, one of our principal trading currencies. Also in November US\$100 million of floating rate subordinated notes due 1996 was raised in the United States to support the growth of Union Bank and served to raise its capital ratios comfortably above US regulatory requirements.

Shortly after the end of the year, the Group was invited to develop proposals for a full commercial banking licence in Australia. This is an important step in the development of our business both in Australia and in the Pacific Basin as a whole.

Capital Resources £2,526 million

The plans to reorganise the Standard Chartered Group foreshadowed in my last statement came into effect on 1 January 1985, when the name "Standard Chartered" went up over the door of almost all our bank buildings throughout Africa and Asia. The operation will be completed on 1 July 1985 with the change of names of our subsidiaries in Gambia and Sierra Leone. The new name underlines the fact that Standard Chartered is a worldwide group, giving customers immediate access to over 2,000 branches in more than 60 countries. As previously advised, Standard Bank of South Africa and Union Bank will continue to operate under these names.

We live in a period of very sharply fluctuating exchange rates. Between 31 December 1983 and 31 December 1984 the United States dollar appreciated against the pound sterling by 25% and the Hong Kong dollar by almost as much, while the South African rand had depreciated against sterling by 23%. These fluctuations affect the operations and results of an international bank such as Standard Chartered in several conflicting ways.

While fluctuating exchange rates provide the opportunity for profitable foreign exchange dealing by the Group round the world, they also profoundly affect both our level of earnings, when translated into sterling, and our capital requirement. Approximately 60% of the assets of the Group are denominated in United States dollars or in currencies closely linked to the dollar. The strength of the dollar in 1984 has meant that there has been a sizeable increase in the capital requirement on the consolidated balance sheet arising largely from the change in the exchange rate. Conversely, were the dollar to depreciate the capital requirement would be reduced and, at the same time, earnings in sterling terms would also be affected.

Total Assets £34,460 million

The large and frequent fluctuations in exchange rates which are taking place at present emphasise the importance for an international bank of maintaining a wide geographical spread of its assets and of its operations.

I am sorry to have to record the forthcoming retirement, in April, of Mr. Ian Mackenzie as Chairman of Standard Bank Investment Corporation Limited in South Africa. He has served as Chairman for eleven years and first joined the South African Board in 1961. His wise counsel will be greatly missed; he will be succeeded by Mr. Henri de Villiers, who has been Managing Director since 1974. Mr. de Villiers has had a distinguished career in industry, finance and banking in South Africa and the Group will continue to benefit from his outstanding qualities and experience.

From time to time one reads comment on the role of the non-executive director. In a Group such as Standard Chartered, with its complex and diverse functions and worldwide operations, the value of a strong Board of predominantly non-executives with practical business and other experience is considerable. I would like to express my gratitude to them for their contribution.

Finally, I would like to record the appreciation of the Board for the work of the staff at all levels of the Group throughout the world. Our thanks are due to them for the support and loyalty which they have shown during the course of the year.

Standard Chartered

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from:
The Secretary, Standard Chartered PLC, 10 Clements Lane, London EC4N 7AB.

HEPWORTH CERAMIC HOLDINGS PLC

Profits increase for fifth successive year

RESULTS IN BRIEF (Year ended 31st December)	1984 £'000	1983 £'000
Turnover	377,676	338,634
Profit before tax	35,230	33,516
Dividends	10,621	9,914
Earnings per share	14.12p	12.39p

Extracts from the circulated Statement of the Chairman, Mr. Peter Goodall, C.B.E., T.D.:

We remain committed to all capital expenditure necessary to keep ourselves in the forefront of modern technology and to the research and development upon which the profits we make today depend, and upon which even more depend the profits to be made in the future.

Providing we are not subjected to any further outside factors such as strikes affecting our customers, or the import of raw materials or the export of our finished goods or other such events, then I would predict... that on a static or even slightly falling turnover in real terms, our low cost operational gearing together with a partial rationalisation of the refractories industry will continue to produce increased profitability.

An upturn in 1986 may well happen... demand is building up and it cannot be compressed forever. If it does indeed happen I can only tell you it will be of very considerable benefit to the company.

The Annual General Meeting of Hepworth Ceramic Holdings PLC will be held on 8th May in London. Copies of the Report and Accounts can be obtained from The Secretary, Genefax House, Tipton Park Road, Sheffield S10 3FJ.

HCH Leaders in clayware, refractories, industrial sands and minerals, and prominent in plastics, foundry resins, engineering, etc.

La Telemecanique Electrique S.A.

has acquired

The Industrial Controls Division

of

Gould Inc.

The undersigned acted as financial advisors to La Telemecanique Electrique S.A. in this transaction.

Lazard Frères et Cie

Lazard Frères & Co.

April 16, 1985

VOLKSWAGEN INTERNATIONAL FINANCE N.V.

7 3/4% US-\$ Bonds of 1978/1985

Redemption of Bonds as per June 1, 1985

For the last redemption instalment due June 1, 1985 in the nominal amount of US-\$ 5,000,000, pursuant to § 3 of the Terms and Conditions of the Loan.

the Series A

with the numbers 0 001 to 1 000 (US-\$ 1,000 each) and 7 001 to 7 400 (US-\$ 10,000 each) shall be redeemed at par from June 1, 1985 and shall cease to bear interest as per May 31, 1985.

The Bonds will be paid in the United States of America at Commerzbank Aktiengesellschaft, New York Branch and outside the United States of America at Commerzbank Aktiengesellschaft and its branch offices.

The coupon as per June 1, 1985 will be paid separately.

Amsterdam, April 1985

Volkswagen International Finance N.V.



April 16, 1985

Die Erste Österreichische Spar-Casse-Bank

First Austrian Bank

(Established as Austria's first financial institution in 1819)

formerly

Die Erste österreichische Spar-Casse

US\$40,000,000

Subordinated Floating Rate Notes Due 1992

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from April 17, 1985 to October 17, 1985 the notes will carry an interest rate of 9% per annum. On October 17, 1985 interest of US\$476.56 will be due per US\$10,000 Note against Coupon No. 7.

Agent Bank

ORION ROYAL BANK LIMITED

A member of The Royal Bank of Canada Group

UK COMPANY NEWS

Entrad lifts stake in Tootal to 29.99%

Entrad, the Australian textile and clothing group, yesterday increased its stake in Tootal, the UK thread and textile company, to 29.99 per cent in a further move aimed at supporting its £128m takeover bid for Tootal.

Entrad now has the maximum holding permitted by the Take-over Code until the outcome of its bid is known later this week. Its final offer of 73p for each Tootal share closes at 3 pm on Thursday. Entrad has also said Tootal shareholders may keep their company's 1.87p second interim dividend.

Entrad bought a further 3.23m shares in less than an hour of early trading yesterday to take its holding in Tootal to 58.15m shares or 29.99 per cent.

Mr Rod Hartley, Entrad managing director, said the company had bought more shares but for the Takeover Code restriction. Shares were being offered by a wide range of Tootal shareholders, he added.

Tootal's brokers, Laing and Cruickshank, bought 3m Tootal shares for an associate company on Friday. The company had attempted to drive the share price out of Entrad's reach, it emerged yesterday.

Tootal's shares fell 1p yesterday to 74p.

Pineapple shares fall 5p after resignation

Shares in Pineapple Dance Studios fell 5p a share yesterday to close at 83p last night, as the market reacted to news that Mr Norris Masters, the company's finance director and co-founder of the business with his wife, Debbie Moore, had resigned from the board to "pursue personal interests."

However, Mr Moore, Pineapple's chairman, who has been separated from her husband for some time, said that Mr Masters had not been involved in the day-to-day running of the business for the past nine months. Pineapple had a full-time financial controller and had recently appointed a new chief executive, Mr Roger Jennings, to take charge of the company's move into licensing and franchising. She dismissed as "totally untrue" reports that Mr Masters planned to set up a rival dance business, and she said she intended to retain his 15 per cent stake in Pineapple.

Laporte U.S. purchase

Laporte Industries (Holdings) has acquired Aspen Industries, a U.S. manufacturer of chemical products from the American swimming pool market. The acquisition was undertaken through Laporte's American holding company, Laporte America.

The addition of Aspen allows Laporte to offer a more complete line of products for the American pool market and gives the combined operations a nationwide capacity in this fast growing field.

RTZ U.S. expansion

RTZ Chemicals has bought Walsh Chemicals Corp. of Gastonia, North Carolina, for an undisclosed sum. RTZ said the acquisition of Walsh, which has a \$50m turnover, would expand its U.S. specialty chemicals interests. The purchase price includes a deferred element based on profit levels over the next five years and the total is unlikely to exceed 1 per cent of Rio Tinto-Zinc's consolidated net assets.

Walsh Chemical is a manufacturer of specialty polymers, particularly for the textile finishing industry.

Clyde bid lapses

Clyde Petroleum, whose contested £11.7m bid for Petrolex was topped last week by a £13.4m offer from Exxon Oil, yesterday formally admitted defeat when its offer lapsed. Clyde said its increased and final offer represented a "full price" based on its estimate of Petrolex's underlying worth.

Sears/Foster

The £115m agreed takeover bid by Sears Holdings for Foster Brothers Clothing, the men's wear chain, has been declared unconditional, with the offer being accepted by the holders of 86.54 per cent of ordinary shares (Sears already held an additional 1.3 per cent) and 92.86 per cent of preference shares.

Rugby hits record £27.8m despite shortfall in UK

THE UK operations of Rugby Portland Cement were hit by wet weather and falling demand during the latter part of 1984 and their contribution to group trading profits for the year showed a downturn of some £1.5m.

However, with overseas activities more than making up the shortfall, and related companies also showing further progress, the group saw its profits before tax for the 12 months advance from £24.18m to a record £27.79m.

The final dividend is being stepped up from 3.1p to 3.3p which raises the net total by 0.4p to 6.5p per 25p share.

Looking to the current year Mr Maurice Jenkins, group chairman, tells shareholders that although the impact in the UK of the severe weather conditions during the first three months may be recovered by year-end, the UK contribution to the first half results will be affected.

The overseas interests are expected to produce another good performance in their local currencies.

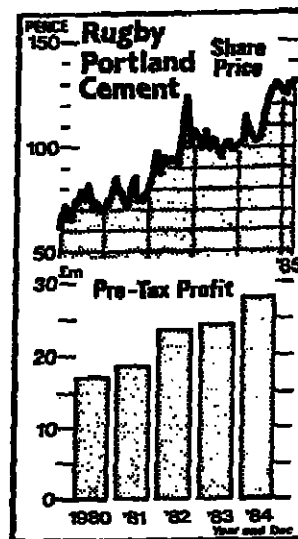
Group turnover for 1984 advanced from £167.99m to £199.98m and trading profits improved from £22.85m to £24.62m.

The UK's share of turnover and trading profits amounted to £148.88m (£138.99m) and £15.33m (£10.86m) respectively.

Overseas profits accelerated by £3.5m to £20.2m and those of the related companies, including River Cement Company for the full year, from £92,000 to £3.1m.

Mr Jenkins points out that the improvements in the results of the overseas companies and the related companies were compounded by the weakness of sterling.

In his preliminary report he says a wet November and falling demand towards the end of 1984 restrained UK profits, with the result that the second half contributions of both the UK Cement Group and Rom River Plastics were very similar to those in the first half of the year.



£385,000 (£352,000) the balance available for ordinary shareholders emerged at £17.4m, an improvement of £1.3m.

Earnings per share moved ahead from 13.8p to 14.5p. For the first six months to June 30, 1984 group pre-tax profits increased from £10.71m to £11.08m. Improved performances were recorded by overseas operations and related companies swung some £700,000 back into profit.

comment

Rugby Portland has come out £11m ahead of most forecasts, with trading profits from overseas almost doubled (when the related companies, all three of them in the U.S., are taken in) to 46 per cent of the group total. At home the slippage was due to the lower margins that a three-year freeze on cement prices makes inevitable, high expenditure on redundancy settlements (taken above the line) and some £1m estimated as the cost of the production problems caused by the use of poor-quality coal during the miners' strike. The group is aiming to develop into a diversified supplier to the building industry and this is the logic behind the acquisition of the U.S. of Atlanta-based timber products distributor, for £11.9m in September. Having rightly expanded overseas to escape the local currency terms, the level of group profit for 1985 will depend largely on exchange rates. With the first half in the UK looking very bad indeed, our analysts believe that there could be a struggle to do much better than £28m pre-tax, a prospective multiple of almost 8 on 13.8p. If the pound were to weaken to end-1984 levels this could be 10 per cent higher.

ATLANTIC

PROVIDING TECHNICAL SUPPORT AND INNOVATIVE LEASE SOLUTIONS FOR ALL IBM COMPUTER SYSTEMS AND DATA COMMUNICATIONS NETWORKS

A strong performance in all market sectors

RESULTS for the year ended 31st December 1984	1984 £'000	1983 £'000	% increase
Turnover	96,122	59,827	+61%
Group Profit before taxation and minorities	10,515	5,206	+102%
Profit attributable to shareholders	9,821	4,677	+110%
Group consolidated net assets	22,057	13,837	+59%
Earnings per ordinary share	24.86p	12.99p	+91%

Mr. John Foulston, Chairman and Chief Executive, reports:

- Substantial increase in Group profits, mainly resulting from increased sales of IBM Computer Systems and peripherals.
- Continued strong growth in the U.K. IBM systems market with a further increase in Atlantic Computer Systems' market share.
- Substantially increased shipments of IBM's new 3380 high density disc drive contributing to an excellent second half for Atlantic Computer Systems.
- An excellent performance from the Group's recently opened Computer System's subsidiary in France.
- Steady progress with increased investment in research and development at the Group's data communications subsidiary, Lion Systems.
- Successful acquisition of specialised computer and aviation power supply manufacturers, MPL Power Systems Plc.
- Decision taken by the Directors of Atlantic Computer Systems to expand operations in the United States in 1985.
- Encouraging results from MPL's recently opened U.S.A. operation.
- Encouraging start to 1985 with an excellent first quarter for the Group.

Atlantic Computers Plc

Atlantic House, Red Lion Court, London EC4A 3EB
Telephone: 01-583 9481 Telex: 268344

PROFITS DOUBLE IN FIRST SIX MONTHS

Unaudited Results For Half Year Ended 31st January 1985

	£000's	Six Months Ended 31st January 1984	
Turnover	3148	1444	+118%
Pre-Tax Profit	510	247	+106%
Earnings Per Share	5.7p	2.8p	
Interim Dividend Per Share	1.5p	Nil	

"The increase in profits has been achieved from the growing demand for business micro computers and software - a section of the computer market not affected by the whims of consumer fashion. This is now providing us with a springboard from which we can expand Pegasus Software in the UK and overseas as well as pursue a strategy of growth in the UK which will broaden the base of the business overall" - Colin Stanley (Chief Executive)

A copy of the full interim statement is available from the Company Secretary at:-
Brikat Group plc
Brikat House, 35-41 Montagu Street, Kettering,
Northants NN16 8XG
Telephone: (0536) 522888

JAN 16 1985

UK COMPANY NEWS

Output stepped up as Famous Grouse sales push ahead

DESPITE DIFFICULT market conditions Highland Distilleries continued to increase the sales of its Famous Grouse brand in the home market during the six months to February 28 1985 and exports showed a substantial advance.

Overall, group turnover pushed ahead from £49.81m to £54.46m and profits at the pre-tax level improved by £389,000 to £4.47m.

The directors point out, however, that the profit increase was eliminated completely by an excessive tax charge stemming primarily from the abolition of stock relief.

Nonetheless, the interim dividend is being lifted from an adjusted 0.5215p to 0.56p net after allowing for last year's one-for-six scrip.

During the half year sales of new whisky to blenders were ahead of last year and Highland Distilleries are operating at higher level of output to satisfy these orders and to meet its own requirements.

Sales of mature whisky for blending were maintained at last year's levels.

The directors say that considerable investment continues both in home and export markets to develop the Famous Grouse as a quality international brand of Scotch whisky.

In the U.S. Heublein, America's second largest spirits marketer, has recently been appointed to market the brand.

Pre-tax profits for the six months were £2.0m (£2.0m), distribution costs of £200,000 (£200,000) and administration expenses of £228,000 (£218,000). The figures

included interest received of £351,000 (£103,000) and investment income of £279,000 (£222,000).

Tax (£990,000) to leave earnings per 20p share unchanged at 2.5p.

For the 1985-86 year pre-tax profit rose by 17.4 per cent to £5.27m (£4,480m) and turnover totalled £52.21m (£54.99m).

Comment
Respectable is about the kindest comment to be made about Highland's half time results. In fact a profit increase of under 6 per cent before the pre-tax line gets an extra little nudge from higher investment income is not particularly inspiring, even taking into account the depressed state of the whisky industry.

Famous Grouse has come under pressure from cheap brands in Scotland but the company claims the brand is holding its own in terms of market share. It is what is happening south of the border that matters—and there Famous Grouse continues to capture sales from the traditional brands shipped in England and Wales.

On the fillings side, Highland has seen an upturn in demand—the first time it could say that for 4 or 5 years—with orders up by 14 per cent for 1985. Overall profits this year could reach the area of £9.1m to £10m pre-tax following higher taxes—following the abolition of stock relief—will leave a.p.s. virtually unchanged at a 1/2-1/4 of 13. Highland deserves that premium rating (in fact if Robertson and Baxter was consolidated the p/e would double) and the fact that there is little action to be seen in the shares at 71p.

Insurance chiefs warn on timing of profit recovery

SHAREHOLDERS in Britain's three major composite insurance companies—Commercial Union, General Accident and Royal Insurance—were warned by their respective chairmen that the recovery in profitability for UK insurance companies will be a long time coming. Nevertheless, at least they all expressed their confidence that a recovery is on the way.

Mr Sandy Marshall, chairman of CU, at yesterday's annual meeting warned that premium rate increases did not come through until the second half of last year. The recovery ensuing from these increases would not be seen until the second half of this year.

He indicated that the first-quarter results, due to be reported on May 15, would show some recovery in the UK compared with last year because of the less severe winter, but the U.S. had been hit by a number of large catastrophe losses.

Mr Marshall in referring to changes in accountancy practice being adopted by some insurance companies called for the insurance industry and the accountancy profession to get together to seek a standard formula.

He also referred to continued bid rumours surrounding CU and reported that there was no significant build up of shareholdings in the share register. CU's share price shed 2p to 212p on this news.

Mr Daniel Meierzhagen, the outgoing chairman of Royal Insurance, in his statement accompanying the 1984 report and accounts, also stated that the improvement in the U.S. and UK insurance markets came far too late to be of much help in 1984.

Mr Alan Horsford, Royal's chief executive, points out that Royal obtained price increases of around 50 per cent in the final quarter on its U.S. business and that this was continuing during this year. But the benefit would only come in the latter part of 1985 and that a further round of price increases would be required to restore the business to a satisfactory basis.

Royal confirmed that this year started badly for weather in the U.S., costing some U.S.\$7m in

January and February, in exceptional weather losses.

Royal is continuing its plans to strengthen and reorganise its U.S. operations. The report reveals that in October a sum of U.S.\$122.5m was raised by a dollar loan in the London market and for a 7/8 of 13. The U.S. to replenish funds expended on the acquisition of Milbank Insurance Company and Silver Corporation. But no additional assets were provided for the U.S. operations.

The cost of moving Royal's U.S. headquarters from New York to Charlotte, North Carolina, is estimated at U.S.\$46m to be incurred during 1985 and 1986, and this is being treated as an extraordinary item in the 1985 accounts of about U.S.\$25m net of tax.

The new chairman of Royal will be Sir John Cuckney, the present deputy chairman.

Mr Gordon Simpson, chairman of GA, in his statement, is even more pessimistic over the timing of the recovery. He warns shareholders that although he anticipated recovery and an eventual improvement in earnings, shareholders had to look beyond 1985 for anything really tangible.

Commenting on GA's major UK motor account, Mr Simpson stated that competition still remained particularly keen and that private car premium rates had to rise again in order to match the rise in claims frequency now being seen.

The market reacted favourably to these statements by lifting Royal's share price 8p to 583p and GA's by 7p to 592p.

Microlease
Pre-tax profits of Microlease improved from £882,000 to £703,000 in the year to February 28 1985. Turnover totalled £3.24m (£2.51m)—the USM group is engaged in electronic equipment rental.

A final dividend of 2p makes a net total of 3p (single payment of 2p). Tax took £57,000 (£135,000) and after extraordinary debits last time of £48,000 earnings came through at 18.1p (13.1p).

Atlantic Computers soars to £10.5m

Atlantic Computers more than doubled pre-tax profits from £5.2m to £10.52m in 1984, on turnover 61 per cent higher at £96.12m, against £59.83m. The year was one of strong growth for the group in nearly all its traditional markets, say the directors.

In view of the group's exceptional performance, the directors are to maintain the level of full year's dividend indicated in the September, 1984 offer for sale document on the increased share capital. Accordingly, a final dividend of 1.5p raises the total payment to 2.25p (adjusted 0.67p) net.

Earnings per 10p share showed a significant advance from an adjusted 12.99p to 24.5p.

On current trading, Mr John Foulston, the chairman, says that despite the considerable growth which has occurred in the group's business this year in all the markets it serves, he is confident that continued emphasis on both geographical expansion and planned diversification by acquisition, will enable the group to continue the impressive growth record it has achieved over the past few years.

Customer demand for all products and services offered remains strong and the group has completed a "very encouraging" first quarter to start 1985.

Activities include the supply of configured computer systems and the manufacture and design of electronic equipment.

The chairman says 1984 was a year during which considerable progress was made in the group's planned programme of expansion and diversification with the further integration of Lion Systems Developments, the acquisition of MPL Power Systems, the opening of IBM computer systems sales operations in France and Scandinavia, and the entry of the general equipment leasing subsidiary, Atlantic Leasing, into the field of medical equipment distribution and services.

The market share enjoyed by the group's principal operating subsidiaries continued to increase.

At the year end, net assets per share were stated at 45.7p (32.41p).

Comment
Atlantic Computers' doubling of profits shows the benefits of being supplied by IBM rather than vice versa—Big Blue's aggressive sales campaign in Europe rolls on, so new opportunities are created for a company that will customise both hardware and software to meet the needs of the customers.

If there has been a slight disappointment it must be the £1.7m contribution from subsidiary Lion Systems Developments (bought for about £15m in 1983) which in a buoyant sector did marginally worse than in 1983. Yet buoyant profits have helped boost net cash to some £18m and a number of companies are currently being looked at, all but one of them unlisted, as possible acquisitions that would lessen the dependence on IBM hardware, bring inhouse software expertise and develop the overseas sales network. Group policy remains "high growth" and the shares are not expensive on a historic multiple of 16. For this year, the market is looking for £14m pre-tax which—with virtually no tax to pay—produces a prospective multiple of 12 on 400p.

Persimmon listing
Persimmon, a York-based national housebuilder, is to join the full stock market through an offer for sale.

Hambros Bank is offering 4.1m shares at 10p each to raise £41m for the company, which is capitalised at £13.5m. The historic earnings multiple is eight, with a 6.2 per cent yield at the offer price.

Pre-tax profits rose from £2.4m to £2.6m in the year to last December on sales up from £22.4m to £25.9m. Full details will be published tomorrow, and subscription lists open next Monday.

MINING NEWS

£184m iron ore venture gets Romanian support

BY KENNETH MARSTON, MINING EDITOR

A NEW ASS350m (£184m) iron ore mine is to be developed in Western Australia's Pilbara iron ore province at Marandoo in a joint venture between the Rio Tinto-Zinc group's CRA and Hancock Prospecting.

The Romanian Government is to provide over 60 per cent of the mining and ancillary equipment in return for 53m tonnes of iron ore to be delivered over a period of 15 years.

According to a spokesman for the Western Australian Government, the new mine will produce a minimum of 10 tonnes of iron ore a year over 20 years. Under the Romanian barter deal, ore shipments to that country will run at an annual rate of 1m tonnes in the early years and

subsequently build up to at least 5m tonnes.

Development of the new mine is expected to start within six months and initial exports should be under way within two years. Details of the arrangement between CRA and Hancock Prospecting have yet to be completed but financing is expected to be on a 50-50 basis between the two partners. Each will be responsible for selling its share of production.

Hancock Prospecting, controlled by the pioneer Australian iron ore prospector and magnate Lang Hancock, has also negotiated a contract with Arab Iron and Steel for the annual supply of 2m tonnes of ore from the new mine. The company is also

negotiating with several Asian countries for sales contracts.

Marandoo lies to the north-east of the CRA group's £1.7m Price and Paraburdoo iron ore mines (owned by Hemerley Holdings) about 30 kilometres south-west of Wittenoom. Ore reserves were last put at around 400m tonnes grading an average 62.6 per cent iron.

CRA acquired its 50 per cent interest in the property from Texasgulf, the remaining 50 per cent being owned by Hancock and his partner Peter Wright.

Marandoo is believed to have a cost advantage over some other iron ore operations, but earlier hopes of taking it to production have been dashed by adverse market conditions.

Hemerdon to sell stake in Devon project

The Bermuda-registered Hemerdon Mining and Smelting is to sell its half share in the Hemerdon tungsten-tin project in Devon, at Hemerdon Hall, to its partner, the U.S. Amax natural resources group.

The consideration is 300,000 shares of Amax common stock and the cancellation of loans and interest of some £1.7m (£1.3m) to Hemerdon. The current issued capital of the latter is 5.5m shares. They are nominally quoted in London at 22p, but while those of Amax are £14.

The Amax shares to be received by Hemerdon will not be registered for public distribution with the U.S. Securities and Exchange Commission, but are expected to be registered at some time in the future.

The deal is subject to a distribution of the shares to Hemerdon holders—has not been obtained before January 1 next the number of Amax shares to be received by Hemerdon will be increased by 4,000 shares per month, beginning in January 1985 up to a maximum of 350,000 shares by December 1986.

If the deal goes through the mine would have a life of some 20 years.

Barlow Rand gold mines show a confused picture

DISTORTIONS CAUSED by the effects of hedging transactions and the increased tax surcharge announced in last month's South African budget mean that the March quarterly results from the gold mines in the Barlow Rand group present a confused picture.

The group's two marginal operations, Durban Roodpoort Deep and East Rand Proprietary Mines, do not pay tax as they are in receipt of state assistance, so no adjustments were necessary. In the case of the two better quality mines, Blyvooruitzicht and Harmony, however, the tax charge was boosted by the impact of the higher surcharge for the whole of the last nine months.

Harmony was able to overcome the effects of this by increasing its milling rate. This led to higher gold production and a reduction in operating costs, with the result that net profits came out 8 per cent higher at £35.5m (£15.3m).

All the latest quarterly profits are compared in the accompanying table.

Manson Finance
Manson Finance Trust, banking, property and financial services concern, raised pre-tax profits from £404,000 to £544,000 for the six months to December 31 1984. The net interim dividend is increased from 0.5p to 0.625p.

After tax of £282,000 (£160,000) and minorities, available profits climbed from £236,000 to £358,000. Stated earnings per 20p share were 1.2p (1.1p).

After tax of £282,000 (£160,000) and minorities, available profits climbed from £236,000 to £358,000. Stated earnings per 20p share were 1.2p (1.1p).

A disappointing year but some encouraging features

1984 Result

The final outcome for the year was a much reduced pre-tax profit of £11.2m, down from £98.4m in 1983, with a loss in the USA of £76.3m and profits of £87.5m elsewhere in the world.

Net Worth

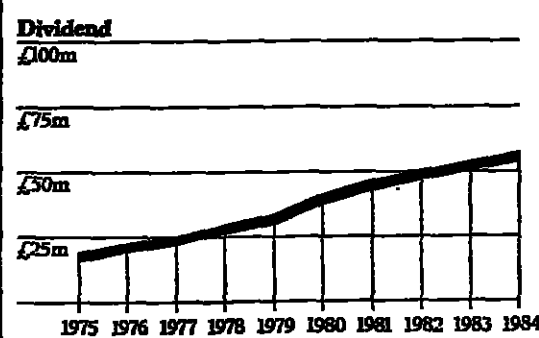
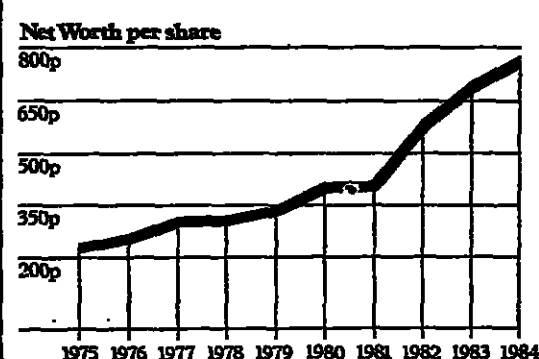
Notwithstanding the Group's after tax loss, there were balance sheet gains which increased the net worth by £178m to over £1.8 billion, including the value of the existing business of Royal Life, and the year-end solvency margin was 74%.

Dividend

One of our prime objectives is to pursue a progressive dividend policy and, despite the operating result for the year, we are adhering to this by recommending that the final dividend should be 15.0p per share, making a total for the year of 23.75p, an increase over the previous year of 4.2%.

Life Operations

Royal Life continued to develop well and increased its profit contribution by over 18% to £21.5m. The balance



sheet value of existing life business went up from £225m to £245m and the directors believe the company's present value as a going concern is at least £450m.

Prospects

The return to profitable trading in the United States remains an overriding priority. To this end we embarked upon a fresh series of measures there, both short and long term, to improve the results. Our policy of applying substantial price increases in most commercial lines business gathered momentum in 1984 without significant loss of worthwhile business, underlining the meaningful turnaround in the market that has taken place. Similar price increases are being applied successfully in the current year.

Royal Insurance

Please send me a copy of the Report & Accounts for the year ending December 31st, 1984.

Name: _____

Address: _____

To: The Secretary, Royal Insurance plc, Group Head Office, 1 Cornhill, London EC3V 3QR.

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Royal Insurance

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LONDON & MIDLAND INDUSTRIALS PLC

offer for

ALLIED TEXTILE COMPANIES Public Limited Company

Documents containing the Offer on behalf of London & Midland Industrials PLC ("LMI") to acquire the whole of the issued ordinary share capital of Allied Textile Companies Public Limited Company ("ATC") not already owned, which was announced on 2nd April, 1985, have been posted to shareholders of ATC. The first closing date of the offer is 3pm on Tuesday 7th May, 1985. Shareholders of ATC, including persons entitled to ATC ordinary shares allotted pursuant to the one for ten scrip issue of ATC approved by its shareholders on 2nd April, 1985, may obtain copies of the offer document, form of acceptance, transfer and authority and listing particulars at either of the following addresses:

Morgan Grenfell & Co. Limited,
New Issue Department,
21 Austin Friars,
London EC2N 2HB

Rowe & Pitman,
1 Finsbury Avenue,
London EC2M 2PA

This advertisement has been approved by a duly authorised committee of the Board of Directors of LMI. The Directors of LMI are the persons responsible for the information contained in this advertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

UK COMPANY NEWS

Expansion in the U.S. boosts Pentland to £12.9m

SHARP GROWTH in pre-tax profits, which have increased to more than seven times the previous year's record figure, has been produced at Pentland Industries, says Mr R. S. Rubin, following substantial expansion in the U.S. The dividend is being raised by 50 per cent, and further growth is seen.

Pre-tax profits for 1984 amounted to £12.9m, compared with £1.68m, considerably ahead of City expectations at the interim stage of £5m for the full year.

Mr Rubin says that the figures were the result of a substantial expansion in U.S. operations, coupled with significant improvements in both the UK and the Far East. At the halfway stage, Reebok running shoes probably brought in about two-thirds of profits, which had then risen from £610,000 to £2.5m. Reebok shoes had gained market share in the U.S. where they had benefited from an expanding fitness market, spurred by the Olympics.

Trading levels during the last six months of 1984 have continued into 1985, says Mr Rubin, and are therefore substantially ahead of the corresponding period. In view of this he believes that 1985 "may well be another record year."

Earnings per share for the year under review are more than five times higher, being shown at 32.08p against 5.97p, and the directors are recommending that the final dividend should be raised by 50 per cent from an

BOARD MEETINGS		
TODAY	Tomorrow	Friday
Interim—J. Hapworth, Highland Electronics, Share Drug Stores, Swire, Nairn, Swindon, Hommel.	Finance—Boase, Messimi, Pollitt, Soar and Hawkes, Southwark, Water, Dunlop and Goodrich, Emsa Lighting, Falcon Industries, First Charlotte Assets Trust, Juliana's, Walter Lawrence, MCD, Octopus Publishing, Owners Abroad, Austin Reed, Savoy Hotel, Scania, Southampton Isle of Wight and South of England Royal Mail, Green Pocket, Reed Brothers, Taylor Woodrow, W.W.	Finance—Boase, Messimi, Pollitt, Soar and Hawkes, Southwark, Water, Dunlop and Goodrich, Emsa Lighting, Falcon Industries, First Charlotte Assets Trust, Juliana's, Walter Lawrence, MCD, Octopus Publishing, Owners Abroad, Austin Reed, Savoy Hotel, Scania, Southampton Isle of Wight and South of England Royal Mail, Green Pocket, Reed Brothers, Taylor Woodrow, W.W.
FUTURE DATES		
Interim—Allied London Properties, Apr 22	Japan Assets Trust, Apr 24	

adjusted 1.4p, after allowing for a one-for-four scrip issue last year, to 2.1p, making a total of 2.6p (1.735p adjusted). A further two-for-one scrip is also proposed.

comment

For some time the analysts have been predicting that 1984 would be the year when Pentland's profits would really shoot forward. But nobody came near to predicting the speed at which its profits would race around the track. The appreciation of the dollar, of course, been of some help with more than 50 per cent of group profits arising in the U.S. But even so, at best, currency translation only accounted for a tenth of profits growth. Quite simply Pentland has experienced a tremendous

Lamont hoists final dividend as profits surge ahead by 70%

FOLLOWING the most successful year in its history, Lamont Holdings is doubling its 1984 final dividend to 2.4p making a total for the year of 3.1p net — an increase of 83 per cent over the previous year's 1.7p.

Pre-tax profits jumped by 70 per cent from £2.04m to a record £3.46m and turnover reached £40.51m (£27.85m) — a rise of 46 per cent.

Sir Desmond Lorimer, the chairman, says the company has made an excellent start to 1985 and there is no reason to believe that the situation is likely to change. The board feels the present year will be one of growth and success.

Interest for 1984 absorbed £551,000 (£481,000). Tax was up from £203,000 to £310,000 and attributable profits came out at £2.95m, against £1.83m. Stated earnings per 10p share rose by 86 per cent from 9.95p to 18.62p.

The group's textile division increased its turnover by 27 per cent and pre-interest profits by 75 per cent. The chairman says

this was an excellent performance with all sectors achieving new highs.

The property side's profits advanced from £125,000 to £704,000, as foreshadowed in the last annual statement. All group properties are fully let and with rent reviews occurring on a regular basis it is anticipated that growth will continue.

Since the end of the year surplus property which was yielding no income at Corsham, Edinborough and Hallymerna, Northern Ireland, have been sold, yielding in excess of £500,000.

The engineering division had a much improved year and the life assurance side maintained its steady contribution to group results.

The computing and software division fell short of expectations due to reorganisation following acquisition and the longer lead time taken in developing and marketing new software products.

London tourists boost Fortnum & Mason to £1m

AN INCREASE in the number of visitors to London enabled Fortnum & Mason, the Piccadilly department store, to raise its profits before tax from £222,000 to £1.06m for the year to January 26, 1985.

Sales pushed ahead from £11.35m to £13.79m and trading profits showed an improvement of £456,000 at £786,000.

Mr Garry Weston, the chairman, says the progress in sales and trading profits shown in the previous two years was not only maintained but showed a further improvement.

He points out that in the past two years sales have increased by more than 45 per cent over the 1983 base.

Shareholders are told that although the decline in sterling against other currencies, particularly the dollar, had increased the number of visitors to London and raised the level of consumer spending, the increase recorded in many departments throughout the store were ahead of anticipated levels even after taking into account the weakness of sterling.

Tax accounted for £130,000 (£208,000), but earnings per £1 share more than doubled to 148p (72p).

A final dividend of 30p (25p) lifts the net total from 24.5p to 35p. Fortnum & Mason's ultimate holding company is Wittington Investments.

Travis & Arnold checked by second-half slowdown

A SLOWDOWN in the second six months left Travis & Arnold, with pre-tax profits at £9.63m for the full 1984 year, a marginal improvement over the previous year's £9.43m.

The directors say the year started well but ended on a quieter note as overall construction activity slowed down under the influence of higher interest rates, the reduction in central government and local authority spending and the imposition of VAT on certain building improvements last April.

They point out that this trend has continued in the first quarter of 1985, aggravated by poor weather.

Group turnover for 1984 pushed ahead from £117.85m to £128.37m but trading profits improved by only £224,000 to £3,555m.

Pre-tax profits included investment income of £1.1m (£1.01m) and a £28,000 loss (£100,000 profit) on the sale of properties. Tax rose to £4.35m (£3.73m) primarily due to the loss of stock relief and left earnings per share and pre-extraordinary items at 30.60p (33.2p).

The final dividend is being increased to 5.57p (£1.450) making a net total of 7.52p, against the previous 6.92p.

Below the line extraordinary items added £247,000 (took £163,000). At year-end shareholders' funds totalled £59.8m (£45.7m).

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First quarter progress at Johnsen & Jorgensen

AS EXPECTED at the interim stage, results at Johnsen & Jorgensen Packaging showed an improvement for the first quarter with pre-tax profits rising from £27,000 to £32,000 on turnover ahead from £9.63m to £11.26m.

The final dividend is lifted from 2.15p to 2.5p raising the total from 3.15p to 3.5p. Earnings per share are shown as rising from 6.95p to 7.18p on an unweighted basis.

The directors of this close USM company, which is engaged in making plastic and glass containers, say they look forward to the present upward trend of the company's main businesses continuing for the rest of the year.

They point out that in the current year, there has been a satisfactory income in deliveries to customers in both home and overseas markets and this has further improved in trading

activities has been reflected in first quarter results.

At the halfway stage, profits were £24,000 on turnover of £9.63m (£9.63m), but the directors said that the state of industrial unrest prevailing in the UK last September could hinder the ability of the group to maintain the same rate of increase in turnover and profits during the second half.

Throughout the year under review, injection moulded products, notably the securitainer, the Jayscap, the Jayfilla and the Securibul made good progress and contributed significantly to profits.

Prospects for all these products are also excellent in the U.S., the directors say, through the 50 per cent owned company DTC, although changes to new forms of packaging are slow to materialise in their pharmaceutical industry.

Brikat plans expansion as profits surge 106%

A GROWING demand for business micro computers and software enabled the Brikat Group to lift pre-tax profits from £247,000 to £510,000 for the six months to January 31, an increase of 106 per cent.

Mr Colin Stanley, chief executive, says this demand is now providing the directors with a springboard from which they can expand Pegasus Software, the largest subsidiary, in the UK and overseas.

They will also be able to pursue a strategy of growth in the UK which will broaden the base of the business overall.

This USM group has made considerable progress in strategic development during the six months by the acquisition and formation of new businesses and a rigorous programme of new product development to meet the increasing demand for business micro computers and software.

This strategy is continuing and in some areas it has been necessary to operate at reduced net profit margins to promote the group's activities.

Mr Stanley says Pegasus Software continued to make significant progress and remains the main contributor to group trading profits.

He adds that sales of new products, combined with the seasonal increase in turnover in the second half of the year, should yield a further increase in profits.

Group turnover for the half year rose by 118 per cent to £3.15m.

An interim dividend of 1.5p is being recommended—last year shareholders received a single 0.75p payment.

Tax took £244,000 (£134,000). Earnings per 5p share were 5.7p (2.8p).

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Attributable profits amounted to £1.02m (£637,000) after tax of £596,000 (£115,000), minorities, and extraordinary credits of £382,000 (£134,000) from property sales.

"A world leader in innovation and development"

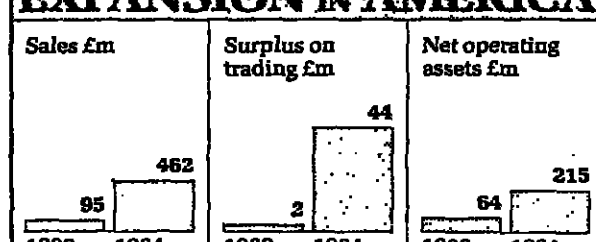
Extracts from the Foreword to the 1984 Annual Report and Accounts by Sir Trevor Holdsworth, Chairman.

Driven both by unfavourable economic forces and our own strategic necessity, the first half of the Eighties has been a period of quite exceptional change for GKN and we look back on these years to provide an assessment of some of the major changes that have taken place.

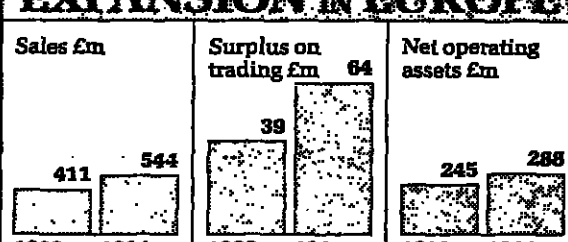
The strategic necessity arose from the diminution of the customer base in the United Kingdom, the need to develop products of enhanced technology, the attraction of participating in the growing services markets of developed economies and the opportunity to expand our mainstream activities internationally.

GKN has been transformed from a business with the crude designation of a "Midlands metal-basher" into a world leader in innovation and development of sophisticated new engineering products and in the use of the most advanced technology in design and production.

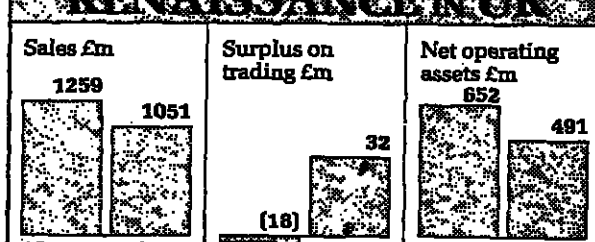
EXPANSION IN AMERICA



EXPANSION IN EUROPE



RENAISSANCE IN UK



A NEW SURGE FORWARD

In any business with as long a history as GKN, there will almost certainly have been a number of periods of reformation and renaissance preceding a new surge forward. I believe that 1980/84 will prove to have been such a period.

The financial performance for 1984 demonstrates further substantial progress in the Group's re-orientation: a 36% improvement in the profit before tax, a 38% increase in earnings of the year and a 23% addition to earnings per share are three of the more significant indicators.

Trevor Holdsworth

RESULTS IN BRIEF

	1984 £m	1983 £m
Sales	2,160.6	1,974.5
Pre-tax Profit	120.2	88.1
Earnings	48.5	35.0
Dividends	24.2	19.8
Earnings per share	21.4p	17.4p

GKN — the international automotive and engineering group

Further detailed information on the reformation and renaissance of GKN is available in the Report and Accounts 1984. If you would like to receive a copy please write to: Guest Keen and Nettlefolds plc, GPR Dept, 7 Cleveland Row, London SW1A 1DB. Tel: 01-930 2424. Telex: 24911.

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SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Tuesday April 16 1985

35
Pacific Bell rings
up a \$100m
issue, Page 48

WALL STREET

Weak dollar adds to the uncertainties

RENEWED weakness in the dollar yesterday made for an uncertain start on Wall Street in a week primed with federal data on the progress of the U.S. economy writes Terry Byland in New York.

Against a backdrop of diverging views on the likely trend of Fed policies, bond prices edged higher after a slow start. Mixed corporate results for the first quarter left the stock market trading within a narrow margin of its current levels.

By 2pm the Dow Jones industrial average was 1.10 up at 1,288.78. In the credit markets, analysts debated the role of the Federal Reserve in the light of last week's disclosure of sharply falling retail sales. Some analysts doubt the reliability of the retail statistics and argue that the Fed is unlikely to slacken policy without much clearer evidence of an economic slowdown.

An important pointer will come on Thursday when the Commerce Department discloses its revised GNP forecasts. Dr Henry Kaufman of Salomon Bros warned clients that the revision may show little change from the sluggish 2.1 per cent growth estimated in the "flash" forecast.

Renewed support for technology stocks after the trading statement from NCR helped the stock market. Several major takeover or tender situations provided the market's special features.

TBM, 1 1/2% higher at \$129 1/2, attracted buyers again. Sluggish results for the first quarter from NCR brought further indication of the effects of the dollar. Investors chose to look to the future, and the stock edged up 1/4 to \$27 1/2.

Honeywell added 1 1/4 to \$59 1/2 ahead of the trading statement, and other firm spots were Digital Equipment, 1 1/4 up at \$108 1/2, and Data General, 5/8 better at \$47 1/2.

In a firm pharmaceuticals sector, also a prey to the dollar's trends, Pfizer gained 3/4 to \$42 1/2 and Eli Lilly 5/8 to \$78 1/2, both on higher profits.

Bank stocks also continued to respond to trading statements. Chase Manhattan at \$54 1/2 eased 5/8 after results. Continental Illinois was unchanged at \$8 1/2 after the latest earnings statement, while BankAmerica edged up 1/4 to \$19 1/2, also after trading news.

Chemical and oil sector issues added 3/4 or so, with Allied that amount better at \$42 1/2 on the first-quarter figures. Monsanto added 3/4 to \$43, and Union Carbide, at \$38 1/2, gained 3/4.

Wheeling-Pittsburg shed 1/2 to \$8 1/2 after talks with the workers' union collapsed, while United Steel, at \$27 1/2, added 5/8.

Nynex held unchanged at \$83 on the results. McGraw-Hill at \$47 gained 3/4 on higher profits, while among paper stocks, Great Northern Neenah dipped 5/8 to \$35 1/2 on lower earnings.

Among takeover stocks, Uniroyal slipped 3/4 to \$20 1/2 as Mr Carl Icahn

commenced his \$18 tender for 53 per cent of the equity. Wall Street still hopes for a rival offer.

Hilton Hotels eased 5/4 to \$67 1/2 despite Golden Nugget's offer to negotiate over its \$72 offer for the 25 per cent equity stake held by the family estate.

In media stocks, CBS bounded ahead again, adding 5/4 to \$108 1/2 after hints that Mr Ted Turner had retained Wall Street advisers for his threatened bid. Cox Communications at \$75 1/2 were unchanged against the Cox family tender of \$75 a share.

Short-term rates slipped lower by one or two basis points despite a further round of \$2bn in customer repurchase arrangements from the Fed when Fed funds touched 8 1/2 per cent. The rate eased later. Bank CD rates looked irregular.

In the bond market, retail interest remained thin, but the lack of any impending supply was helping prices. Gains of around 1/4 replaced initial falls, but the market was keeping its eyes on the foreign exchange dealers for any sign of change in the dollar's fortunes.

LONDON

Rate hopes fuel broad advance

OPTIMISM over lower bank base rates intensified in London after another impressive performance by sterling. The strong tone carried over into gilts, which scored gains of a point before drifting away from the highest levels. The FT Ordinary index rose 9.2 to 977.0.

Renewed domestic and foreign demand enabled the Government to sell more stock. Official supplies of Treasury 9 per cent 1994 were exhausted at 87, while stock of the longer-dated Conversion 9 1/2 per cent 2004 was sold at 92 and 92 1/2.

Blue-chip issue Glaxo added 5/4 to £11 1/2 on improved interim results. Attracting considerable support, GEC was 5/8 higher at 19 1/2 and Thorn EMI up 1/2 at 42 1/2.

Chief price changes, Page 38; Details, Page 41; Share information service, Pages 42-43

HONG KONG

LATE buying in Hong Kong took prices slightly higher and pushed the Hang Seng index to 1,505.44, up 13.26. The last time it finished above 1,500 was in February 1981.

Hongkong Telephone rose HK\$1 to HK\$74. Among properties, Cheung Kong rose 50 cents to HK\$18, and Hongkong Land added 15 cents to HK\$34.5.

Jardine Matheson put on 50 cents to HK\$11.50 in active trading following a report that a British institution had bought about 5 per cent of the group.

In banks, Hang Seng was 25 cents lower, while both Hongkong and Shanghai Bank and Bank of East Asia each added 10 cents to HK\$9.15 and HK\$23.40, respectively.

AUSTRALIA

SOLID advances of the past two weeks gave way to profit-taking in Sydney, and the All Ordinaries index dropped 6.3 to 857.8 from its record high on Friday.

Active trading in Woodside Petroleum, which is under a joint takeover bid by BHP and Shell Australia, took it 1 cent ahead to A\$1.58. BHP, hurt by option trading activity, fell 12 cents to A\$6.44.

Biscuit-maker Arnotts slipped 30 cents to A\$3.80 after Bond Corporation said it would withdraw its bid. Brewer Castlemaine dropped 18 cents to A\$4.70.

Oil and gas stocks were hit by profit-taking and gold issues were mixed to weaker after signs of a further weakening in the Australian dollar.

SINGAPORE

SELLING pressure continued unabated in Singapore where even a lowering of interest rates by the major banks did not spur interest.

Among the most active stocks, Pan-Electric lost 9 cents to S\$2.83, and Supreme Corporation remained unchanged at S\$1.84.

In the banking sector, Malayan Banking shed 10 cents to S\$5.75, OCBC 5 cents to S\$9.05 and OUB 2 cents to S\$3.84.

SOUTH AFRICA

STRONG demand for golds, following the rise in the bullion price, led to firmer trading in Johannesburg.

Buffels added R2.50 to R88.50 while Dreifontein put on a similar amount to R56.

In mining financials, Anglo American rose 65 cents to R28. Among other mining shares, De Beers gained 25 cents to R10.60.

CANADA

ACTIVE trading took prices slightly higher in Toronto, where gold issues recorded strong advances early in the session.

Reed Stenhouse rose C\$1 to C\$21 1/2 after news that the terms of its merger with Alexander and Alexander have been changed.

Utilities and banks led a slightly firmer Montreal, while industrials showed some weakness.

TOKYO

Inhibited by a dearth of incentives

A LACK of fresh incentives kept investors away from the market in Tokyo yesterday, pushing prices lower, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow market average shed 35.28 to 12,552.73 on a turnover of 363m shares, down from 542m last Friday. Declines outnumbered advances 427 to 321, with 189 issues unchanged.

Sanraku-Ocean and Yamashita-Shin-nihon Steamship were popular but failed to stimulate overall market enthusiasm.

The slack performance continued into the afternoon, when no transactions were recorded in NEC, a popular international and one of the 12 issues designated for margin trading preferential treatment to inject vitality into the market. Only 305,000 shares in the stock changed hands in the morning.

Other internationals also remained weak, reflecting Japanese-U.S. trade friction and lacklustre foreign portfolio investment in Japanese issues. Sell orders by non-residents through the main securities houses came to 27m shares against buy orders for 20m.

Investors sought mainly low and medium-priced stocks for capital gains, reflecting growing concern over higher prices.

Sanraku-Ocean, actively traded, surged a maximum Y100 to Y869 on its active biotechnology research and development. Mochida Pharmaceutical gained a maximum Y500 to Y8,150.

Other biotechnology-related stocks weakened on a wide front. Green Cross slumped Y180 to Y3,420 and Yamanouchi Pharmaceutical Y90 to Y4,110.

Mitsubishi Chemical, the most active with 24.48m shares traded, increased Y15 at one stage but closed unchanged at Y500 after profit-taking. Other large-capital chemicals were also bought. Sumitomo Chemical, with the second biggest volume of 16.94m shares, added Y4 to Y226, and Showa Denko and Mitsui Toatsu Y2 and Y8 to Y241.

Kawasaki Kisen, fourth most active with 13.99m shares traded, lost Y6 to Y224. Conversely, Yamashita-Shin-nihon Steamship climbed Y33 to Y164, despite the absence of new incentives.

Bonds were traded actively in an extension of last Friday's buoyancy, reflecting mounting expectations for lower U.S. interest rates. Trust and city banks, and agricultural and forestry financial institutions continued to buy briskly.

The market turned bearish later as the yen declined against the dollar. However, the yield on the barometer 7.3 per cent government bond due in December 1993 dropped to 6.820 per cent from 6.835 per cent last Friday.

EUROPE

Initial calm unsettled by profit-taking

PROFIT-TAKERS unsettled a calm opening to the week on the European bourses yesterday while a heavy menu of corporate developments provided much for investors to digest.

Boosted by firm foreign demand banks in Frankfurt staged a strong performance enabling a 8.8 surge in the Commerzbank index to 1,220.30. Dresdner led the field with a DM 8.10 surge to DM 203.50 followed by Deutsche Bank's DM 7.30 advance to DM 471, both new highs for the year.

Elsewhere, Metallgesellschaft, which reported a small decline in net profit, rose DM 2.50 to DM 264.50 and Thyssen eased 10 pig to DM 96.70 ahead of its rights issue and dividend plans. Nixdorf's sparkling 1984 results moved it 50 pig higher to DM 559.50, just below its high for the year.

The chemical sector was particularly active as Schering's DM 18 rise took it to the upper reaches of its recent trading range. The chemical major closed at DM 472 on speculation that its dividend might be raised. Degussa picked up DM 3.10 to DM 362.20 while Hoechst inched closer to its high for the year with a DM 1 gain to DM 214.

In numerical terms Munich Re made the most progress with a DM 20 jump to DM 1,220 while Porsche's DM 9 fall to

DM 1,191 ex-dividend was the worst of the session.

Foreign demand was lacking in the bond market which firmed in active trading, with gains of up to 40 basis points in places. The Bundesbank sold DM 48.2m of paper compared with Friday's sales of DM 83.6m.

A mixed Amsterdam was caught pincer-like between the impact of the lower dollar and continued foreign demand, which was concentrated on isolated issues.

The ANP-CBS index rose 1.2 to 207.4 - just below its all-time high set in mid-March - while several sub-indices finished at record levels.

Internationals reflected the mood of the market with a FI 2.20 drop to FI 201.80 for Royal Dutch, a 10-cent slip for Philips at FI 57.30 and a FI 1.20 rise to FI 114.20 for Adco which announced an optimistic sales forecast. Overseas demand was detected for the chemicals and fibres group.

Unilever finished a net FI 2.50 to FI 349.50 after touching FI 350 on the basis of steady foreign buying.

Financials were actively higher, with ABN up FI 5.50 to FI 418, AmRo FI 1.80 stronger at FI 76.50 and NMB FI 2 ahead at FI 172.50. Insurer Aegon put on FI 1.50 to FI 185, close to its high for the year, while Amev was unchanged at FI 217.50. Domestic support boosted retailer Ahold FI 5 to FI 226 while Van Ommen eased 30 cents to FI 31.10 ahead of results.

Profit-takers held the high ground in Paris after its recent record-breaking run. Friday's details of March inflation and 1984 GDP growth continued to unsettle and left the broad range of stocks lower.

Roussel-Uclaf moved against the trend with a FFf 70 rise to FFf 1,790, a 4 per cent gain to a new high for the year. Legrand also made modest progress with a FFf 15 to FFf 2,194, and Lafarge Coppée firmed FFf 5.60 to FFf 493.60.

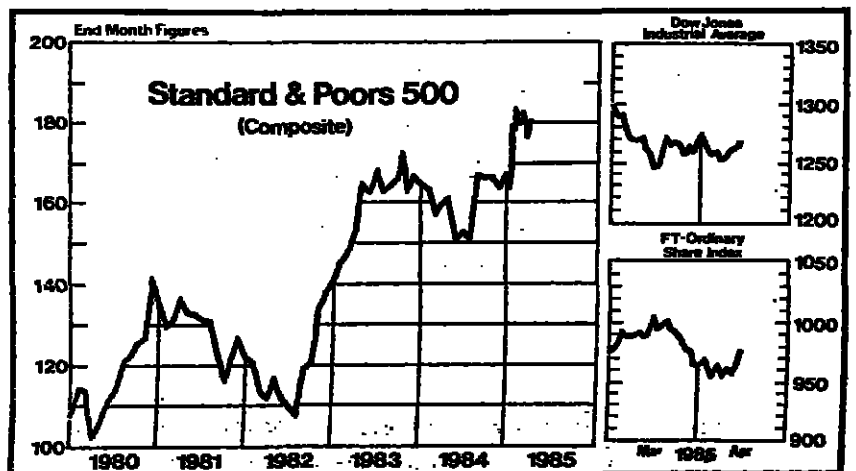
Among the hardest hit sectors were printing, retailing and oils.

Brussels was dominated by sluggish trading and low volume. Wiremaker Be-kert posted a BFr 20 gain to BFr 5,930 on Friday's results while UCB, Belgium's second largest chemical group, gained a similar amount to BFr 5,250 on higher net earnings and a dividend increase.

Wagons Lits was bought BFr 100 higher at BFr 2,800 on foreign support.

An easier tone was evident in Madrid, Milan and Stockholm. Zurich was closed for a local holiday.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 15	Previous	Year ago
DJ Industrials	1,266.78	1,265.68	1,150.13
DJ Transport	598.87	598.21	497.33
DJ Utilities	156.54	155.88	125.34
S&P Composite	181.01	180.54	157.31

LONDON	FT Ord	1984	1985	1986
FT-SE 100	977.0	967.8	875.2	
FT-A All-share	1,288.5	1,275.8	1,129.1	
FT-A 500	620.05	614.73	523.02	
FT Gold mines	681.57	674.25	567.49	
FT-A Long gilt	538.9	533.5	672.5	
	10.45	10.51	10.08	

TOKYO	Nikkei-Dow	1984	1985	1986
Nikkei-Dow	12,552.73	12,588.01	11,015.2	
Tokyo SE	977.16	981.52	886.27	

AUSTRALIA			
All Ord.	857.8	864.0	764.0
Metals & Mins.	557.6	561.1	546.5

AUSTRIA				
Credit Aktien	75.19	75.78	55.1	
BELGIUM				

BELGIUM	Belgian SE	1984	1985	1986
Belgian SE	2,254.50	2,259.94	-	

CANADA	Toronto	1984	1985	1986
Metals & Mins	2,062.8	2,046.8	2,203.0	
Composite	2,630.7	2,626.0	2,326.5	
Montreal	129.43	129.26	113.11	

DENMARK	Copenhagen SE	1984	1985	1986
Copenhagen SE	n/a	186.93	185.92	

FRANCE	CAC Gen	1984	1985	1986
CAC Gen	218.7	220.0	171.4	
Ind Tendence	120.0	120.6	90.7	

WEST GERMANY	FAZ-Aktien	1984	1985	1986
FAZ-Aktien	422.48	418.78	351.06	
Commerzbank	1,220.3	1,211.7	1,026.4	

HONG KONG	Hang Seng	1984	1985	1986
Hang Seng	1,505.44	1,492.18	1,075.7	

ITALY	Banca Comm.	1984	1985	1986
Banca Comm.	272.21	272.45	212.09	

NETHERLANDS	ANP-CBS Gen	1984	1985	1986
ANP-CBS Gen	207.04	206.2	160.8	
ANP-CBS Ind	166.1	164.8	129.9	

NORWAY	Oslo SE	1984	1985	1986
Oslo SE	306.54	306.53	275.52	

SINGAPORE	Straits Times	1984	1985	1986
Straits Times	791.17	800.23	1,007.36	

SOUTH AFRICA	Golds	1984	1985	1986
Golds	1,144.9	1,126.8	1,022.4	
Industrials	951.4	941.9	1,053.2	

SPAIN	Madrid SE	1984	1985	1986
Madrid SE	109.09	108.79	82.72	

SWEDEN	J & P	1984	1985	1986
J & P	1,423.85	1,438.9	1,503.68	

SWITZERLAND	Swiss Bank Ind	1984	1985	1986
Swiss Bank Ind	418.3	418.7	373.1	

WORLD	Capital Int'l	1984	1985	1986
Capital Int'l	203.2	202.6	169.5	

GOLD (per ounce)	Apr 15	Prev
London	\$333.00	\$329.00
Zurich	\$330.75	\$329.95
Paris (fixing)	\$334.88	\$331.71
Luxembourg	\$329.15	\$332.25
New York (June)	\$335.60	\$331.60

CURRENCIES

U.S. DOLLAR	Apr 15	Previous	Apr 15	Previous
(London)	-	-	1.275	1.257
DM	3.025	3.051	3.8575	3.845
Yen	249.9	250.85	319.0	315.5
FFf	9.23	9.315	11.78	11.705
SFr	2.5255	2.5655	3.22	3.225
Guilford	3.4255	3.4525	4.36	4.34
Lira	1,930.0	1,956.5	2,460.0	2,459.0
Bfr	60.9	61.6	77.85	77.4
C\$	1.3623	1.367	1.7365	1.71

INTEREST RATES	Apr 15	Prev
Euro-currencies (3-month offered rate)	12 1/2%	12%
SFr	5%	5%
DM	6%	6%
FFf	10%	10%

CS	1.3623	1.367	1.7365	1.71
INTEREST RATES				
Euro-currencies		Apr 15		Prev
(3-month offered rate)				

E	12%	12%
SwFr	5½	5½
Dfl	6	6
FFr	10%	10%

FT London interbank fixing
(offered rate)

3-month U.S.\$	8 7/8	8%
6-month U.S.\$	9%	9 7/8
U.S. Fed Funds	8 1/2*	8%
U.S. 3-month CDs	8.45*	8.50
U.S. 3-month T-bills	8.05*	8.03

Xerox	10% March 1993	94 1/2	11.65	93 1/2	11.90
Diamond Shamrock	10% May 1993	93 1/2	11.85	92.59	12.10
Federated Dept Stores	10% May 2013	88 1/2	12.10	87.584	12.20
Abbot Lab	11.80 Feb 2013	97.186	12.15	96.419	12.25
Alcoa	12% Dec 2012	96.91	12.65	96.173	12.75

11%	1992	102 ¹¹ / ₃₂	11.259	101 ¹⁵ / ₃₂	11.33
11%	1995	99 ¹⁴ / ₃₂	11.34	99 ¹¹ / ₃₂	11.416
11%	2015	99	11.364	98 ²⁶ / ₃₂	11.405

Prices at 2pm, April 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on Page 3

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 15

[illegible]

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

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OVER-THE-COUNTER *Nasdaq national market, 2pm prices***OVER-THE-COUNTER** *Nasdaq national market, 2pm prices*

[illegible]

Stock	Sales (Hnds)	High	Low	Last	Chng	Stock	Sales (Hnds)	High	Low	Last	Chng	Stock	Sales (Hnds)	High	Low	Last	Chng
-------	-----------------	------	-----	------	------	-------	-----------------	------	-----	------	------	-------	-----------------	------	-----	------	------

A&M	Fd	62	5 $\frac{1}{2}$	47 $\frac{1}{2}$	47 $\frac{1}{2}$	-3 $\frac{1}{2}$	BoatBc	118	20	19 $\frac{1}{2}$	20	+ $\frac{1}{2}$	ChH&C	148	61 $\frac{1}{2}$	3 $\frac{1}{2}$
ADG	Tl	4	14 $\frac{1}{2}$	14	14	- $\frac{1}{2}$	BoatDg	3	6 $\frac{1}{2}$	6 $\frac{1}{2}$	6 $\frac{1}{2}$		Contin	38	30	29 $\frac{1}{2}$
AEC		43 $\frac{1}{2}$	12 $\frac{1}{2}$	12 $\frac{1}{2}$	12 $\frac{1}{2}$		BoatEc	20	12 $\frac{1}{2}$	12 $\frac{1}{2}$	12 $\frac{1}{2}$	+ $\frac{1}{2}$	ChH&C	38	7	6 $\frac{1}{2}$

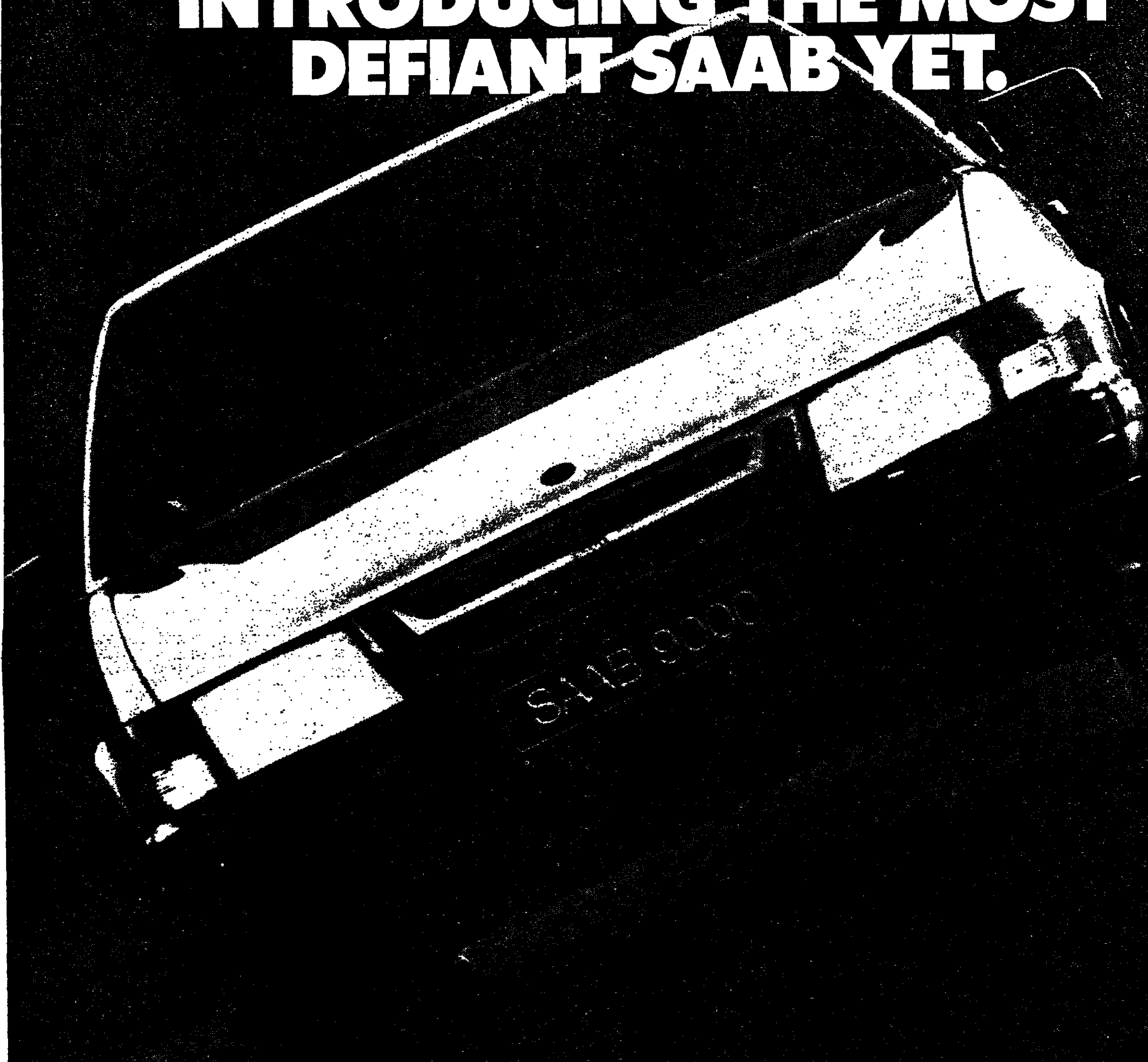
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FOR THE SERVICES

هَذَا مِنْ أَهْلِ

SAABS HAVE ALWAYS DEFIED COMPARISON. INTRODUCING THE MOST DEFIANT SAAB YET.



Saabs have never invited comparison with other cars. They've never been like other cars.

They've never looked like other cars. They don't drive like other cars. They don't perform like other cars. When aerodynamics meant nothing to other carmakers, it meant everything to Saab.

When other carmakers pushed their cars, Saab pulled. When other carmakers gave up power for fuel efficiency, Saab found a way to give up neither.

From the beginning, people bought Saabs because Saabs defied the limitations other carmakers designed into their products.

And now there is a Saab that is more unlike other cars than any other Saab before it.

The new Saab 9000 Turbo 16.

The least compromised car ever built.

Carmakers build cars with built-in compromises. They build exciting cars that aren't practical. Practical cars that

are dull. Fast cars that lack efficiency. Good-handling cars that are uncomfortable.

The new Saab 9000

Turbo 16 defies these compromises.

It is dedicated to the simple proposition that it is possible for one car to do everything well.

It is exceptionally fast, with a 16-

valve, intercooled, turbocharged engine. It is practical as well as comfortable. Not only is it the largest Saab ever made,



The interior of the Saab 9000 Turbo 16 is by far the largest in its class.

but it has more interior room than the BMW 5 series, Audi 200 and Volvo 760.

It rides like a luxury car, yet handles like a sports car. And like all Saabs before it, it is unquestionably safe.

How to defy compromise.

There is only one way to fully understand what Saabs has created in the new 9000 Turbo 16.

You have to take some time and study it. That's the only way anyone has ever understood what Saabs are.

Write us soon and we'll send what you need to understand the Saab 9000 Turbo 16.

Then, compare it against whatever other car you're thinking about buying.

If you've studied properly, you should find there's no comparison.



One reason Saabs aren't like other cars is that the manufacturer isn't like other car manufacturers. The Saab-Scania group also produces aircraft, satellites, buses, trucks, industrial equipment and electronics.

SAAB 9000 TURBO 16

For additional information, write to Saab-Scania AB, Saab Car Division, Advertising Department, S-611 81 Nyköping, Sweden.

OVER-THE-COUNTER

[illegible][illegible][illegible][illegible]

A.B.N. Bank	131%	C. Hoare & Co.	131%
Allen Irish Bank	121%	Hongkong & Shanghai	131%
Henry Ansbacher	13%	Johnson Matthey Bkrs.	131%
Amro Bank	13%	Knowsley & Co. Ltd.	131%
Associates Cap. Corp.	14%	Lloyds Bank	131%
Bank of Africa	131%	Edward Manon & Co.	131%
Bank Hapoalim	131%	Bank of Siam Ltd.	131%
BCCI	131%	Midland Bank	131%
Bank of Ireland	131%	Morgan Grenfell	131%
Bank of Cyprus	131%	Mount-Credit Corp. Ltd.	131%
Bank of India	134%	National Bk. of Kuwait	131%
Bank of Japan	131%	Oversea-Chinese Bk.	131%
Banque Belge Ltd.	13%	National Westminster	131%
Barclays Bank	121%	Northern Bank Ltd.	131%
Beneficial Trust Ltd.	14%	Norwich Gen. Trust	131%
Brit. Bank of Mid. East	131%	People's Trust	14%
Bank of China	131%	Provincial Trust Ltd.	14%
CL Bank Nederland	121%	Shanghai Municipal	131%
Canada Perm't Trust	131%	P. S. Refson	131%
Cayzer Ltd.	131%	Roxburgh Guarantee	131%
Cedar Holdings	14%	Royal Bank of Scotland	131%
Charlton & Japhet	13%	Royal Trust Co. Canada	131%
Citibank NA	13%	Samuel Schröder Wagg	131%
Citibank Savings	121%	Standard Chartered	131%
Clydesdale Bank	13%	TCB	131%
Com. Bankers & Co. Ltd.	13%	Trustee Savings Bank	131%
Com. Bk. N. East	131%	United Bank of Kuwait	131%
Consolidated Credits	131%	United Mizrahi Bank	131%
Co-operative Bank	131%	Waddap Banking Corp.	131%
The Cyprus Popular Bk.	13%	Whiteaway Laidlaw	131%
Dunbar & Co. Ltd.	13%	Williams & Glyn's	131%
Edinburgh & Liverpool	121%	Winstone Secs. Ltd.	131%
E. T. Trust	131%	Yorshire Bank	131%
Exeter Trust Ltd.	131%	Yorkshire & the Accepting House	131%
First Nat. Fin. Corp.	141%	Committee.	
First Nat. Secs. Ltd.	14%	7-day deposits 10% - 1 month 12%	
Robert Fleming & Co.	13%	10% 10% 7.5% 7% 12 month 12%	
Robt. Fleming & Co.	13%	12% 10% 7.5% 7% 10 month 11.00%	
Grindlays Bank	131%	Call deposits £1,000 and over	
Guinness Mahon	131%	21-day deposits over £1,000 10%	
Hambros Bank	131%	Mortgage base rate.	
Heritable & Gen. Trust	13%	See Provincial Trust Ltd.	

[illegible]**NEW YORK-DOW JONES**

	April 12	April 13	April 14	April 15	April 16	April 17	1984-85		Size Comparison	
							High	Low	High	Low
Industrials	1,269.78	1,255.85	1,263.89	1,259.04	1,253.86	1,259.36	1,088.57	1,258.34	1,071.22	41.12
Transport	598.78	598.21	598.85	592.11	588.68	587.13	825.36	444.03	635.30	12.32
Utilities	158.54	155.96	155.72	155.30	154.34	154.30	155.80	122.25	163.72	18.45
Trading net			100a	100a	83a	78a				49.2
				Mar 29	Mar 22	Mar 15			Year Apts (Approx)	
and the Yield Mo				4.82	4.82	4.88			6.74	

STANDARD ABE POINTS								1984-85		Stress Compilation	
	April 15	April 12	April 11	April 9	April 8	April 8		High	Low	High	Low
Industrials	201.88	201.19	200.77	199.94	198.66	198.62		206.15 (1/2/85)	157.74 (1/2/85)	206.15 (1/2/85)	3.82 (1/2/82)
Composites	181.82	189.54	188.18	179.82	178.21	178.88		183.35 (3/2/85)	147.82 (2/4/7)	183.35 (3/2/85)	4.40 (1/6/82)
				March 27	March 20	March 13		Year Ape (August)			

Ind div yield %	3.88	3.88	3.98	3.97
Ind. P/E Ratio	11.14	11.11	11.06	12.26
Long Gov Bond Yield	11.77	11.84	11.83	12.37

N.Y.S.E. ALL COMMON		RISKS AND FALLS		
	1984-85	April	April	April

April 15	April 12	April 11	April 10	High	Low		11	10	9
\$94.98*	\$94.64	\$94.43	\$93.98	\$96.88 (13/2/95)	\$5.13 (24/7)	Issues traded	2,013	1,886	2,028
						Bisses	325	1,947	721
						Picks	627	487	774
						Unchanged	481	456	518

	Stocks Traded	3.00 p.m. Price	Change on Day		Stocks Traded	3.00 p.m. Price	Change on Day
AM Gen CP	1,519,980	31	+ 1/2	Amor Gen	741,708	213 1/2	+ 1/2
AMF	910,730	20 1/4	- 1/4	BBN	722,000	128 1/2	+ 1/4
Wool CP	988,380	48 1/4	- 1/4	Disruptor	685,400	13 1/2	+ 1/4
Southern	828,590	25 1/4	+ 1/4	CSX Corp	643,598	26	+ 1/4

TOMORROW		1984-85			
	April 15	April 12	April 11	April 10	High / Low
Minerals & Metals	2,802.3	—	2,811.8	2,881.65	2524.4 (12/1/84) 1641.2 (5/7/85)

Companie	2005	2006	2007	2008	2009	2010	2011
MONTEZUMA, Portofino	129.43*	129.28	129.57	129.57	132.77 (5/3/05)	180.36 (24/0)	

* Indicații pre-crise financiare

	Apr. 15	Apr. 12	Apr. 11	April 10	High	19 85	Low
AUSTRALIA							
AN and C (11/80)	857.8	864.8	853.3	853.2	854.0 12 4	715.6 7 11	
Metals & Minis. (11/100)	857.6	861.1	558.7	548.4	561.1 12 4	333.5 7 11	
AUSTRIA							
Gredit Aktien (3/182)	75.18	75.76	75.21	74.95	75.76 12 4	58.21 24 1	
BELGIUM							
Brussels SE (1/1/80)	2254.50	2269.94	2267.82	2268.27	2310.05 18 3	2090.7 18 1	
DENMARK							
Copenhagen SE (8/1/85)	180.63	1 30.80	180.95	185.80	180.80 12 4	174.44 8 9 1	
FRANCE							
C&G General (8/1/85)	218.70	220.8	218.2	217.6	220.8 12 4	186.9 8 9 1	
Ind Tendence (70/12/84)	120.0	120.6	120.1	118.9	122.6 12 4	100.1 8 9 1	
GERMANY							
F&Z AG (11/12/58)	422.44	418.76	416.2	416.8	423.55 21 3	382.59 18 1	
Commerzbank (11/1/55)	1220.3	1211.7	1202.3	1204.7	1229.32 11 3	1111.8 18 1	
HONG KONG							
Hang Seng Bank (5/1/74)	1506.44	1492.16	1483.39	1470.81	1506.44 15 4	1220.74 2 1	
ITALY							
Banca Comm Ital. (1/1/75)	272.21	272.45	274.26	273.49	286.71 20 2	229.56 2 1	
JAPAN**							
Nikkei Dow (1/6/48)	12552.73	12588.01	12571.8	12681.9	13063.5 5 4	11545.2 5 1	
Tokyo SE New (4/1/85)	517.18	531.32	535.25	534.10	1005.59 22 5	914.83 4 1	
NETHERLANDS							
ANP-CBS General (1/1/76)	207.4	206.2	205.6	204.4	206.7 11 3	195.5 8 9 1	
ANP-CBS Indust. (1/1/76)	165.1	164.8	164.4	163.7	166.8 2 2 3	147.9 8 9 1	
NORWAY							
Oslo SE (4/1/81)	306.54	308.55	310.78	318.26	345.6 19 2	284.18 2 1	
SINGAPORE							
Straits Times (1986)	731.17	800.26	803.85	806.78	852.66 7 3	704.88 11 3	
SOUTH AFRICA							
ISE Gold (5/1/85)	--	1112.3	1126.6	--	1126.15 19 4	950.1 11 3	
ISE Indust. (12/9/76)	--	852.6	941.9	--	845.3 4 1	757.3 16 4	
SPAIN							
Madrid SE (28/12/84)	109.05	109.79	110.54	111.41	117.41 4 2	101.48 2 1	
SWEDEN							
Jacobson & P (11/1/55)	1423.86	1438.9	1428.16	1412.76	1466.88 11 2	1310.80 2 1	
SWITZERLAND							
Swiss Bank Corp. (11/12/84)	418.6	418.7	419.4	418.8	430.8 19 5	386.7 5 1	
WORLD							
Capital Intl. (11/7/8)	--	203.3	202.8	201.10	208.5 26 5	164.8 4 1	

** Saturday March 30: Japan Nikkei-Dow 12,550.2, TSE 998.08.

Base value of all indices are 100 except ISE Gold—255.7, ISE Industrial—264.3 and Australia—All Ordinary and Metals—500, NYSE All Common—500, Standard and Poors—100 and Toronto Composite and Metals—7,000. Toronto index based 1975 and Montreal Portfolio 41/83. * Excluding bonds. † 4000 Australian plus 400 Uruguay. ‡ 40 Financials and 20 Transport. c Closed. u Unavailable.



and Sarasota's growth was so rapid that in 1984, Arthur Young was able to help them achieve Stock Exchange Listing, at a market value of over £20 million.

It could be one of your

ter ideas.

 A MEMBER OF ARTHUR YOUNG INTERNATIONAL

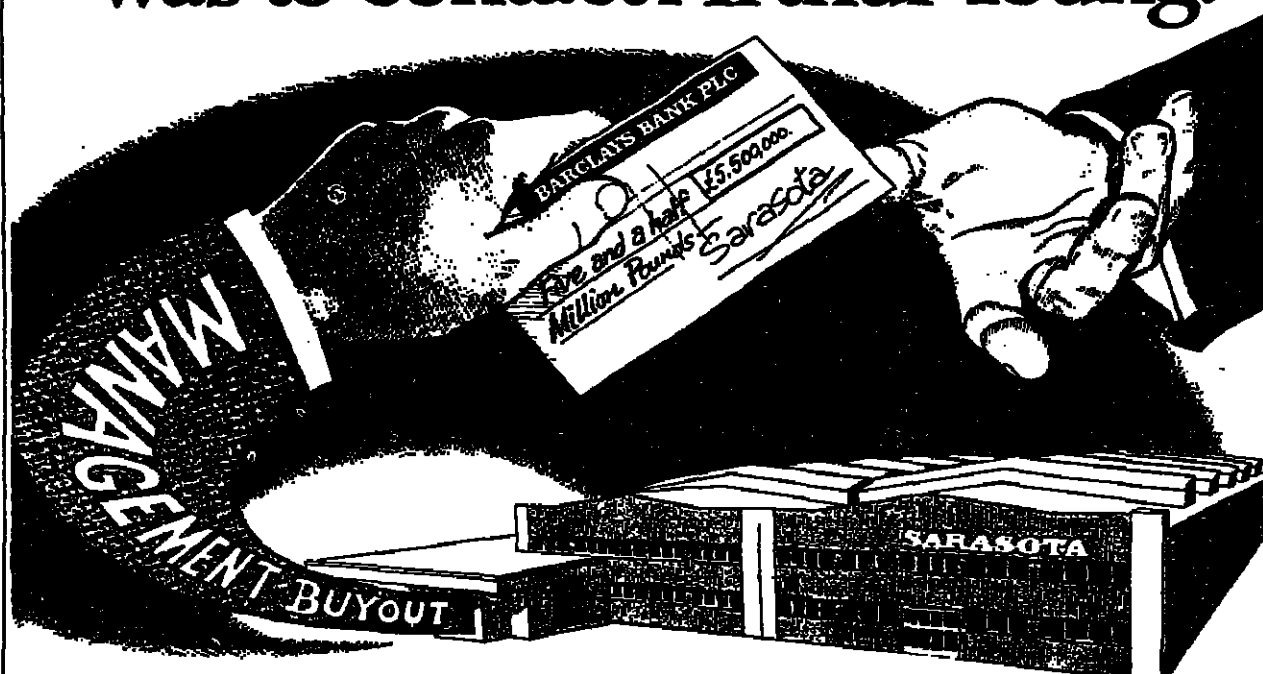
Arthur Young *ideas!*

Your next good turn

Rolls House: 71-831 7130 (Tel.)
Telephone: 01-831 7130 (Tel.)

[REDACTED]

Sarasota's next good idea was to contact Arthur Young.



The highly specialised instrumentation and electronic products they produced did not fit well with the activities of their parent company.

Managing Director, Ian McCue, realised a management buyout was a good idea for all concerned.

And his next idea was just as good.


He called Arthur Young to help organise the buyout.

Arthur Young was one of the

Arthur Young prepared the necessary financial reports and worked with Ian McCue to find financial backers for the £5½ million needed.

As an international organisation Arthur Young were also able to advise on the best structuring of the share interest for the UK and US management personnel involved.

The management buyout was successful,



and Sarasota's growth was so rapid that in 1984, Arthur Young was able to help them achieve full Stock Exchange Listing, at a market value of over £20 million.

Technology PLC with everything from Executive Recruitment to Corporate Tax Planning. If you mean business call Andrew Darnill on 01-831 7130.


 A MEMBER OF ARTHUR YOUNG INTERNATIONAL
Arthur Young

Your next good turn

Rolls House, 7
Telephone: 01-831 7130

INVESTMENT TRUSTS—Contd.

OIL AND GAS

FINES—Continued

REGIONAL & IRISH STOCKS			
is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.			
	Amount		1974
2025		CPI Hedges	58
53	+1	Carroll Inds.	111
122		Dublin Gas	32
775	10	Hall (R. & L.)	345
100	-5	Hessmans	41
		Irish Rivers	66
		Irish R.V. & R.J.	47
1974		TIAC	13
12		Unicore	64

OPTIONS - 3-month call rates			
1	ENX	27	Turner Menzies
2	London LSE	27	Unilever
3	Hawthorn S&S	27	Unilever
4	ICI	27	Unilever
5	ICI	27	Unilever
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92	ICI	27	Unilever

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fears on growth hit dollar

The dollar lost ground in nervous and erratic foreign exchange trading, in fears that this week's batch of economic data will indicate a low down in U.S. growth. March industrial production is due for publication today, and is expected to rise by about 0.4 to 1.7 per cent compared with a fall of 0.5 per cent in February, but after last week's retail sales figures, which showed a surprising fall, the market is very uncertain. Forecasts for Thursday's revision of first quarter gross national product growth vary considerably, but where it was assumed until recently that the figure would be revised up from the 2.1 per cent estimate, there are now pessimistic forecasts well below this level.

At first the dollar was quite strong, leading to suggestions of a technical shortage of the currency. But after touching DM 3.077 it fell away quickly to a low of DM 3.01, before stabilising at around DM 3.02, and closing at DM 3.0250 on Friday. The dollar also fell to FF 9.23 from FF 9.3150. Swiss francs rose from SF 2.5650 to SF 2.5850, while the yen was rather sluggish compared with European currencies, reflecting

concern at friction between the U.S. and Japan over trade, and the possible introduction of protectionist measures against Japan.

On Bank of England figures the dollar's index fell to 144.0 from 145.1. The pound's index rose to 100.0 from 99.5. The dollar's index fell to 144.0 from 145.1. The pound's index rose to 100.0 from 99.5. The dollar's index fell to 144.0 from 145.1. The pound's index rose to 100.0 from 99.5.

High London interest rates continued to attract funds into sterling. The pound touched a

peak of \$1.2845, and closed 1.80 cents higher on the day at \$1.2745. The best level since mid-September. At one time sterling was above DM 3.85, the highest point for over a year, and closed at DM 3.8575 compared with DM 3.8450. It also improved to FF 17.02 from FF 17.0050 and ¥319 from ¥315.50, but declined to SwFr 3.22 from SwFr 3.2250 against the strong Swiss franc. D-MARK Sterling rose against the dollar in 1985 to 3.4510 to 3.4550. March average 3.4572. Exchange rate index 122.7 against 119.6 six months ago.

The D-mark rose sharply against the dollar, as the U.S. currency lost ground against all

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	% change from 1984	% change from 1983	Divergence limit
Belgian Franc	44.9000	+0.48	+0.59	+1.5822
Dutch Guilder	3.6000	-1.44	-1.23	+1.6419
French Franc	6.5500	-0.55	-0.48	+1.3669
German Mark	1.0000	-0.55	-0.48	+1.3669
Irish Punt	7.8756	+0.31	+0.42	+1.5171
Italian Lira	1.9360	+1.07	+1.17	+2.0410

Changes are for April, therefore positive change denotes a weak currency, divergence calculated by Financial Times.

FINANCIAL FUTURES

Firm trend

Sterling based instruments rose sharply in the London International Financial Futures Exchange yesterday, spurred on by lower cash rates and sterling's buoyant performance in the foreign exchange market. Gilt futures were up 1/8, the 10-year out with the June price option at 107.04 up from 106.31 on Friday. It touched a high of 107.25 but came back on profit taking and sterling's steadier performance during the afternoon.

Three-month sterling deposits were affected in a similar way with the market looking for further reductions in domestic interest rates, given a stronger pound and further declines in cash rates. The June contract

opened at 88.30 and touched a best level of 88.57 before finishing at 88.49 up from 88.27.

Eurodollar prices finished unchanged on the day although sentiment pointed towards a firmer trend. The market was clearly uncertain as to the correct attitude to adopt ahead of Thursday's first quarter revised GNP figures. There have been rumours that the final figure may be revised downwards from the estimate of 2.1 per cent growth, giving further weight to hopes that the Fed may ease its monetary stance, not only because of declining economic expansion but also to massage the credit market in the face of further liquidity problems experienced by certain parts of the banking sector.

STERLING EXCHANGE RATE INDEX

Time	Index	Prev. Close
8.30 am	78.3	78.5
9.00 am	78.3	78.5
10.00 am	78.3	78.5
11.00 am	78.3	78.5
12.00 pm	78.3	78.5
1.00 pm	78.3	78.5
2.00 pm	78.3	78.5
3.00 pm	78.3	78.5
4.00 pm	78.3	78.5

\$ IN NEW YORK

Time	Index	Prev. Close
8.30 am	117.1778	117.1778
9.00 am	117.1778	117.1778
10.00 am	117.1778	117.1778
11.00 am	117.1778	117.1778
12.00 pm	117.1778	117.1778
1.00 pm	117.1778	117.1778
2.00 pm	117.1778	117.1778
3.00 pm	117.1778	117.1778
4.00 pm	117.1778	117.1778

Forward prices and discounts apply to the U.S. dollar.

POUND SPOT-FORWARD AGAINST POUND

Time	Spot	Forward
8.30 am	1.0000	1.0000
9.00 am	1.0000	1.0000
10.00 am	1.0000	1.0000
11.00 am	1.0000	1.0000
12.00 pm	1.0000	1.0000
1.00 pm	1.0000	1.0000
2.00 pm	1.0000	1.0000
3.00 pm	1.0000	1.0000
4.00 pm	1.0000	1.0000

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Time	Spot	Forward
8.30 am	1.0000	1.0000
9.00 am	1.0000	1.0000
10.00 am	1.0000	1.0000
11.00 am	1.0000	1.0000
12.00 pm	1.0000	1.0000
1.00 pm	1.0000	1.0000
2.00 pm	1.0000	1.0000
3.00 pm	1.0000	1.0000
4.00 pm	1.0000	1.0000

OTHER CURRENCIES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

CURRENCY MOVEMENTS

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

EXCHANGE CROSS RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

CURRENCY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

EURO-FOREIGN INTEREST RATES (Market closing rates)

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

CURRENCY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY MARKETS

Rates fall on stronger pound

Interest rates fell sharply in London yesterday, spurred on by sterling's impressive rise in foreign exchange markets. Sterling's improvement put further downward pressure on rates but also highlighted the authorities' reluctance to see rates fall too far too fast. The day to day position of discount houses was exacerbated by a record shortage of funds, because in the current bullish climate there was a marked reluctance by institutions to issue longer dated bills, when the cost of finance was significantly lower through the inter-bank market.

The position was further clouded by the Bank of England's reluctance to divulge the level of the day's assistance given to

MONEY MARKETS

Rates fall on stronger pound

transactions a further \$975m. These were partly offset by a fall in the note circulation of £300m and banks' balances brought forward \$5m above target. To help meet the shortage the Bank gave early help of 65m through outright purchases of eligible bank bills in band 2 at 12 1/2 per cent and repurchase agreements on £10m of bills at 12 1/2 per cent, unwinding on May 13.

LONDON MONEY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

Discount Houses Deposit and Bill Rates

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

FT LONDON

INTERBANK FIXING

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

FT LONDON

INTERBANK FIXING

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

FT LONDON

INTERBANK FIXING

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY RATES

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Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

FT LONDON

INTERBANK FIXING

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

MONEY RATES

Currency	Rate
Argentine Peso	1.0000
Australian Dollar	1.0000
Canadian Dollar	1.0000
Deutsche Mark	1.0000
French Franc	1.0000
Irish Punt	1.0000
Italian Lira	1.0000
Japanese Yen	1.0000
Swiss Franc	1.0000
U.S. Dollar	1.0000

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 15, 1985. In some cases the rate is nominal. Market rates are the average buying and selling rates. Bank rates are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and giving sterling-dollar rates; (T) tourist rate; (B) basic rate; (S) buying rate; (C) bank's rate; (C) commercial rate; (C) convertible rate; (N) financial rate; (N) exchange certificate rate; (N) non commercial rate; (N) nominal; (O) official rate; (S) selling rate; (C) controlled rate; (U) unified rate.

COUNTRY CURRENCY VALUE OF £ STERLING			COUNTRY CURRENCY VALUE OF £ STERLING			COUNTRY CURRENCY	
Afghanistan	Afghani	99.00	Greenland	Danish Kroner	13.80	Peru	Peruvian Sol
Albania	Leke	10.710	Guatemala	Guatemalan Quetzal	2.46	Philippines	Philippine Peso
Algeria	Dinar	(£) 6.55	Honduras	Lempira	13.76	Pitcairn Islands	£ Sterling
Andorra	French Franc	11.78	Hong Kong	Dollar	7.80	Poland	Zloty
Angola	Kwanza	(£) 215.0	India	Rupee	1.2750	Portugal	Portuguese Escudo
Antigua	East Caribbean \$	(£) 36,8640	Indonesia	Rupiah	128.17	Puerto Rico	U.S. Dollar
Argentina	New Peso	494.35	Iran	Rial	5.8710	Romania	Leu
Australia	Australian \$	1.9105	Iraq	Dinar	1.00	Rwanda	Rwanda Franc
Austria	Schilling	13.76	Israel	Sheqel	1.00	Saudi Arabia	Riyal
Azerbaijan	Manat	16.67	Italy	Lira	9.6625	Senegal	CFA Franc
Bahamas	Dollar	1.2750	Jamaica	Jamaican Dollar	63.56	Sierra Leone	Leone
Bahrain	Dinar	1.00	Kenya	Kenyan Shilling	1.00	Singapore	Singapore \$
Barbados	East Caribbean \$	215.0	Korea	Won	1.00	South Africa	Rand
Belgium	Franc	(£) 36.8640	Kuwait	Dinar	1.00	Spain	Peseta
Belize	Dollar	(£) 215.0	Laos	Kip	1.00	Sweden	Krona
Bermuda	Dollar	(£) 215.0	Lebanon	Lira	1.00	Switzerland	Swiss Franc
Bhutan	Dzongkhru	1.00	Libya	Dinar	1.00	Taiwan	New Taiwan \$
Bolivia	Bolivian Peso	(£) 450.00	Liechtenstein	Swiss Franc	77.85	Tanzania	Tanzanian Shilling
Bosnia	Convertible Mark	1.00	Lithuania	Litas	1.00	Togo	CFA Franc
Botswana	Pula	2.0070	Madagascar	Malagasy Franc	1.00	Trinidad & Tobago	Trinidad & Tobago \$
Brazil	Cruzado	1.00	Malawi	Malawi Shilling	1.00	Tunisia	Tunisian Dinar
British Virgin Islands	U.S. \$	1.2750	Malaysia	Malaysian Ringgit	1.00	Turkey & Caicos	U.S. \$
Bruni	Brunei \$	2.8900	Maldives Islands	Rufiyaa	9.08	Uganda	Uganda Shilling
Bulgaria	Lev	1.2144	Mali	West African CFA Franc	1.00	United Arab Emirates	U.A.E. Dirham
Burkina Faso	C.F.A. Franc	559.0	Malta	Maltese Lira	0.5925	U.S.S.R.	Rouble
Burundi	Kyri	147.90	Mauritania	Mauritanian Ouguiya	1.00	Vanuatu	Vatu
Cambodia	C.F.A. Franc	1.7394	Mauritius	M.Rupee	(£) 35.55	Venezuela	Bolivar
Cameroon	Cameroon \$	1.7394	Mexico	Mexican Peso	(£) 35.55	Vietnam	Dong
Canada	Canadian \$	1.2144	Moldavia	Moldovan Leu	1.00	Virgin Islands U.S.	U.S. Dollar
Cape Verde	Escudo	114.27	Monaco	Monaco Franc	1.00	Western Samoa	Samoa Tala
Cayman Islands	Cay. I. \$	1.0590	Mongolia	Tugrik	4.66 (I)	Yemen (Nth.)	Riyal
Central African Rep.	C.F.A. Franc	559.0	Morocco	Maroccan Dirham	1.00	Yemen (Sth.)	Yemeni Dinar
Chad	C.F.A. Franc	559.0	Mozambique	Mozambique Escudo	1.00	Zaire Republic	Zaire
Chile	Chilean \$	166.34	Nepal	Nepalese Rupee	23.42	Zambia	Kwacha
China	Renminbi Yuan	1.3590	Netherlands Antilles	Antillian Guilder	8.30	Zimbabwe	Zimbabwe \$
Colombia	Col. Peso	559.0	New Zealand	Dollar	(£) 35.55		
Costa Rica	Colon	(£) 62.72	Nicaragua	Colon	1.00		
Cote d'Ivoire	Cote d'Ivoire \$	1.00	Niger	Niger CFA Franc	1.00		
Cyprus	Cyprus \$	0.7700	Nigeria	Naira	1.23500(3)		
Czechoslovakia	Koruna	(£) 16.67	Norway	Norwegian Kroner	1.11850		
Denmark	Danish Kroner	13.76	Oman	Omani Rial	1.00		
Dominican Republic	Dominican Peso	1.00	Pakistan	Pakistan Rupee	19.80		
Dominican Republic	Dominican Peso	1.00	Panama	Panama Balboa	1.00		
Dominican Republic	Dominican Peso	1.00	Paraguay	Guarani	412.2		
Dominican Republic	Dominican Peso	1.00	Peru	Peruvian Sol	1.10		
Dominican Republic	Dominican Peso	1.00	Philippines	Philippine Peso	51.80		
Dominican Republic	Dominican Peso	1.00	Poland	Zloty	176.47		
Dominican Republic	Dominican Peso	1.00	Portugal	Portuguese Escudo	200.48		
Dominican Republic	Dominican Peso	1.00	Puerto Rico	U.S. Dollar	1.00		
Dominican Republic	Dominican Peso	1.00	Romania	Leu	16.67		
Dominican Republic	Dominican Peso	1.00	Rwanda	Rwanda Franc	12.75		
Dominican Republic	Dominican Peso	1.00	Saudi Arabia	Riyal	5.00		
Dominican Republic	Dominican Peso	1.00	Senegal	CFA Franc	65.54		
Dominican Republic	Dominican Peso	1.00	Sierra Leone	Leone	6.00		
Dominican Republic	Dominican Peso	1.00	Singapore	Singapore \$	2.46		
Dominican Republic	Dominican Peso	1.00	South Africa	Rand	6.00		
Dominican Republic	Dominican Peso	1.00	Spain	Peseta	166.67		
Dominican Republic	Dominican Peso	1.00	Sweden	Krona	4.66		
Dominican Republic	Dominican Peso	1.00	Switzerland	Swiss Franc	2.46		
Dominican Republic	Dominican Peso	1.00	Taiwan	New Taiwan \$	2.46		
Dominican Republic	Dominican Peso	1.00	Tanzania	Tanzanian Shilling			
Dominican Republic	Dominican Peso	1.00	Togo	CFA Franc			
Dominican Republic	Dominican Peso	1.00	Trinidad & Tobago	Trinidad & Tobago \$			
Dominican Republic	Dominican Peso	1.00	Tunisia	Tunisian Dinar			
Dominican Republic	Dominican Peso	1.00	Turkey & Caicos	U.S. \$			
Dominican Republic	Dominican Peso	1.00	Uganda	Uganda Shilling			
Dominican Republic	Dominican Peso	1.00	United Arab Emirates	U.A.E. Dirham			
Dominican Republic	Dominican Peso	1.00	U.S.S.R.	Rouble			
Dominican Republic	Dominican Peso	1.00	Vanuatu	Vatu			
Dominican Republic	Dominican Peso	1.00	Venezuela	Bolivar			
Dominican Republic	Dominican Peso	1.00	Vietnam	Dong			
Dominican Republic	Dominican Peso	1.00	Virgin Islands U.S.	U.S. Dollar			
Dominican Republic	Dominican Peso	1.00	Western Samoa	Samoa Tala			
Dominican Republic	Dominican Peso	1.00	Yemen (Nth.)	Riyal			
Dominican Republic	Dominican Peso	1.00	Yemen (Sth.)	Yemeni Dinar			
Dominican Republic	Dominican Peso	1.00	Zaire Republic	Zaire			
Dominican Republic	Dominican Peso	1.00	Zambia	Kwacha			
Dominican Republic	Dominican Peso	1.00	Zimbabwe	Zimbabwe \$			

CADBURY SCHWEPPE'S

Public Limited Company

(Incorporated in England with limited liability)

US \$80,000,000

8 per cent. Convertible Bonds 2000

Kleinwort, Benson Limited
Morgan Stanley International

Algemeine Bank Nederland N.V.
Crédit Lyonnais
Lehman Brothers International, Inc.
Morgan Guaranty Ltd
Orion Royal Bank Limited

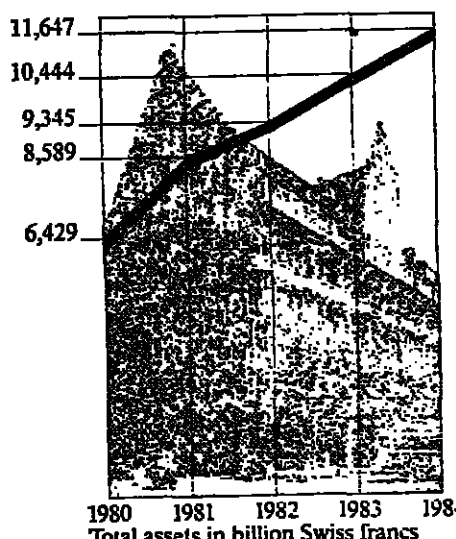
Credit Suisse First Boston Limited
Swiss Bank Corporation International Limited

Banque Nationale de Paris
Deutsche Bank Aktiengesellschaft
Samuel Montagu & Co. Limited
Nomura International Limited
Union Bank of Switzerland (Securities) Limited

Amro International	Julius Baer International	Banca Commerciale Italiana	Banca del Gottardo	Banco di Roma
BankAmerica Capital Markets Group	Bank Gutzwiller, Kurz, Bungeener (Overseas)	Bank Leu International Ltd.	Bankers Trust International	Bank of Tokyo
Bank Mees & Hope NV	Bank of Tokyo International	Bank J. Vontobel & Co. AG	Bankers Trust International	Bank of Tokyo
Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur	Banque Générale du Luxembourg S.A.	Banque Kleinwort Benson SA	Banque Paribas
Banque Indosuez	Banque Internationale à Luxembourg S.A.	Banque Populaire Suisse S.A. Luxembourg	Banque Paribas	Banque Paribas
Banque de Neufville, Schlumberger, Malet	Banque Paribas	Banque Paribas	Banque Paribas	Banque Paribas
Banque Scandinave en Suisse	Barclays Bank Group	Baring Brothers & Co.	Bayerische Landesbank	Bayerische Landesbank
Bayerische Vereinsbank	Berliner Handels- und Frankfurter Bank	Caisse des Dépôts et Consignations	Chase Manhattan Capital Markets Group	Chase Manhattan Capital Markets Group
Caisse Nationale de Crédit Agricole	James Capel & Co.	Cazenove & Co.	Chemical Bank International	CIBC
Chemical Bank International	CIBC	Citicorp Capital Markets Group	Commerzbank	Commerzbank
County Bank	Creditanstalt-Bankverein	Crédit Commercial de France	Crédito Italiano	Crédito Italiano
Dai-ichi Kangyo International	Daiwa Europe	Den norske Creditbank	DG Bank	DG Bank
Dominion Securities Pitfield	Dresdner Bank	Deutsche Genossenschaftsbank	Enskilda Securities	Enskilda Securities
European Banking Company	First Interstate	Robert Fleming & Co.	Fuji International Finance	Fuji International Finance
Gefina International Ltd.	Genossenschaftliche Zentralbank AG	Girozentrale und Bank der österreichischen Sparkassen	Grindley Brands	Grindley Brands
Goldman Sachs International Corp.	Grieson, Grant and Co.	Grindley Brands	Hill Samuel & Co.	Hill Samuel & Co.
Groupement Privé Genevois S.A.	Hambro Bank	Handelsbank N.W. (Overseas) Ltd.	Kreditbank N.V.	Kreditbank N.V.
Hoare Govett Ltd.	IBJ International	Kidder, Peabody International	Manufacturers Hanover	Manufacturers Hanover
Kreditbank S.A. Luxembourg	Lloyds Bank International	LTCS International	M. Metzler soel. Sohn & Co.	M. Metzler soel. Sohn & Co.
McLeod Young Weir International	Merck, Finck & Co.	Merrill Lynch Capital Markets	Nederlandsche Middenstandsbank N.V.	Nederlandsche Middenstandsbank N.V.
Mitsubishi Finance International	Mitsui Finance International	Morgan Grenfell & Co.	Sal. Oppenheim jr. & Cie.	Sal. Oppenheim jr. & Cie.
The Nikko Securities Co., (Europe) Ltd.	Norddeutsche Landesbank	Sal. Oppenheim jr. & Cie.	Postbank	Postbank
PaineWebber International	Pierson, Hedding & Pierson N.V.	PK Christiana Bank (UK)	Sanwa International	Sanwa International
Prudential-Bache Securities	N.M. Rothschild & Sons	Salomon Brothers International	Société Générale de Banque S.A.	Société Générale de Banque S.A.
J. Henry Schroder Wagg & Co.	Smith Barney, Harris Upham & Co.	Société Générale	Société Générale de Banque S.A.	Société Générale de Banque S.A.
Soditic (Jersey)	Standard Chartered Merchant Bank	Strauss Turnbull & Co.	Sumitomo Finance International	Sumitomo Finance International
Svenska Handelsbanken Group	The Taiyō Kobe Bank (Luxembourg) S.A.	Toronto Dominion International	Westdeutsche Landesbank	Westdeutsche Landesbank
Vereins- und Westbank	S.G. Warburg & Co. Ltd.	Wardley	Yamaichi International (Europe)	Yamaichi International (Europe)
Williams & Glyn's Bank plc	Dean Witter Capital Markets - International Ltd.	Wood Gundy Inc.		

April 1985

Despite our 230-year tradition, Bank Leu's future is not rooted in the past - 1984: total assets increased by 11.5%, customer deposits by 10.6%, net profit by 12.4% and dividends to 18%.



Total assets in billion Swiss francs

Bank Leu



Bank Leu Ltd, the oldest Swiss bank, founded in 1755.
Head office: 32 Bahnhofstrasse, P.O. Box, CH-8022 Zurich, telephone (01) 219 11 11, telex 812 174, cable bankleu zürich.
New York branch: 375 Park Avenue, Suite 310, New York, N.Y. 10152, telephone (212) 418-0300, telex WUI 666924.
Affiliated banks in Geneva, Basel and Nassau/Bahamas. Representative office in Amman/Jordan.

Debut for Pacific Bell with \$100m Eurobond

By Maggie Urry in London

PACIFIC BELL yesterday became the first of the U.S. telephone companies created by the break up of American Telephone and Telegraph (AT&T) to come to the Eurobond market. The name should entice investors, although the terms of the \$100m issue were regarded as tight.

At an 11 1/2 per cent coupon and par issue price for a seven-year life, the cost to the borrower is around 35 basis points higher than the yield on U.S. Treasury bonds. The issue led by Credit Suisse First Boston was, however, less aggressively priced than some recent deals and traded just outside the 1% per cent gross fees.

Industrial Bank of Japan - one of the top rated banks in the world - launched the only other dollar deal of the day, a \$100m 10-year issue paying an 11 1/2 per

BNF Bank bond average			
April 15	Previous	High	Low
101.637	101.538	102.860	99.840

cent coupon with a 100% issue price. The issue, likely to sell well in the Far East, was trading well within its 2 per cent total fees. The deal was led by IBJ International.

Trading was quiet yesterday with Eurodollar straight bond prices little changed. The euphoria seen last week seems to have fizzled out, although the underdone remains good. Traders are awaiting the U.S. economic statistics due this week, particularly the GNP figure, in hopes of a float. Leading rate issues weakened yesterday. The flattening of the yield curve has hit the "mis-match" floaters, which take advantage of a steep yield curve.

Syndicate specialists were kept busy yesterday holding for a floater issue for Belgium and likely to raise \$500m.

In the D-Mark market the Westdeutsche Landesbank launched a DM 150m 10-year issue for the Mortgage Bank of Denmark. The coupon was set at 7 1/2 per cent and issue price at par - terms thought fine by dealers. Some traders quoted the issue outside the 1% per cent selling concession.

The market for seasoned D-Mark issues was little changed, with no real lead provided by the New York market or the exchange rate.
The Swiss franc foreign bond market was also quiet with Zurich closed for the end-of-winter holiday in the afternoon. UBS set the final terms for TransCanada Pipelines' SwFr 150m 10-year deal with a 5% per cent coupon and a 98% issue price. The pricing was thought to be acceptable thanks to the recent improvement in the market.

The World Bank made its second bond issue in Luxembourg, a LuxFr 1bn issue with a coupon of 9% per cent, thought to be the lowest in the sector for five years. The bond has a five-year life and is led by Banque Générale du Luxembourg.

FT TOP 500 EUROPEAN SURVEY

REPRINTS OF A SERIES OF ARTICLES ARE NOW AVAILABLE FROM:
Nicola Bankam Publicity Dept.
Financial Times
Bracken House
10 Cannon Street
London EC4P 4BY
Price £10

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 15.

U.S. DOLLAR STRAIGHTS			
Issued	Bid	Offer	Change on day
Amro Credit 12 1/2% 88	100	101 1/2	+ 1/2
Austria 13 1/2% 82	100	101 1/2	+ 1/2
Bank of Tokyo 12 1/2% 82	100	101 1/2	+ 1/2
Bank of Tokyo 12 1/2% 81	100	101 1/2	+ 1/2
BP Credit 11 1/2% 82	100	101 1/2	+ 1/2
Caisse Nat. 12 1/2% 82	100	101 1/2	+ 1/2
CBS Inc 11 1/2% 82	100	101 1/2	+ 1/2
Chemical Bank 12 1/2% 82	100	101 1/2	+ 1/2
Chenier 11 1/2% 82	100	101 1/2	+ 1/2
Citibank 11 1/2% 82	100	101 1/2	+ 1/2
Commerzbank 11 1/2% 82	100	101 1/2	+ 1/2
Crédit Lyonnais 11 1/2% 82	100	101 1/2	+ 1/2
Deutsche Bank 11 1/2% 82	100	101 1/2	+ 1/2
Enskilda 11 1/2% 82	100	101 1/2	+ 1/2
Export-Import 11 1/2% 82	100	101 1/2	+ 1/2
First Interstate 11 1/2% 82	100	101 1/2	+ 1/2
Genossenschaftliche Zentralbank 11 1/2% 82	100	101 1/2	+ 1/2
Girozentrale 11 1/2% 82	100	101 1/2	+ 1/2
Grindley Brands 11 1/2% 82	100	101 1/2	+ 1/2
Hill Samuel & Co. 11 1/2% 82	100	101 1/2	+ 1/2
Kreditbank N.V. 11 1/2% 82	100	101 1/2	+ 1/2
Manufacturers Hanover 11 1/2% 82	100	101 1/2	+ 1/2
M. Metzler soel. Sohn & Co. 11 1/2% 82	100	101 1/2	+ 1/2
Nederlandsche Middenstandsbank 11 1/2% 82	100	101 1/2	+ 1/2
Sal. Oppenheim jr. & Cie. 11 1/2% 82	100	101 1/2	+ 1/2
Sanwa International 11 1/2% 82	100	101 1/2	+ 1/2
Société Générale 11 1/2% 82	100	101 1/2	+ 1/2
Société Générale de Banque S.A. 11 1/2% 82	100	101 1/2	+ 1/2
Sumitomo Finance International 11 1/2% 82	100	101 1/2	+ 1/2
Westdeutsche Landesbank 11 1/2% 82	100	101 1/2	+ 1/2
Yamaichi International 11 1/2% 82	100	101 1/2	+ 1/2

COMPANY ANNOUNCEMENT

DURBAN ROODEPOORT DEEP, LIMITED

(Incorporated in the Republic of South Africa)

Possible Acquisition of Mining Title and Certain Mining Assets from Rand Leases (Vogelstruisfontein) Gold Mining Company, Limited

The attention of shareholders is drawn to the following announcement made today by Rand Leases (Vogelstruisfontein) Gold Mining Company, Limited in Johannesburg:

"The Directors of Rand Leases (Vogelstruisfontein) Gold Mining Company Limited ('Rand Leases') announce that negotiations are being placed relating to the possible disposal by Rand Leases of its entire mining title and certain mining assets to Durbanroodepoort Deep, Limited ('DRD'). Any disposal by Rand Leases of the assets in question would be subject to the approval of the Rand Leases' shareholders in general meeting.

In the event of formal agreement between Rand Leases and DRD being concluded, the proposed consideration for the disposal would be of the order of 37.5 cents per Rand Leases' share.

A further announcement will be made in due course and, until such time, shareholders should exercise caution in dealing in Rand Leases' shares."

United Kingdom Secretaries
Charter Consolidated L.C.
40 Holborn Viaduct
LONDON EC1P 1AJ

16th April, 1985

NOTICE OF PREPAYMENT

The Bank of Tokyo, Ltd.

(Incorporated with limited liability in Japan)

U.S. \$50,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit due 5th June, 1986 (Series RN)

In accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next interest payment date, 5th June, 1985, together with the interest accrued to that date.

Payment will be made against presentation and surrender of the Certificates at the Bank's London Office at 20/24 Moorgate, London EC2R 6DH.

19th April, 1985.

The Kingdom of Denmark

U.S. \$50,000,000

Fixed Rate Notes Due October 1990

For the six months

5th April, 1985 to 15th October, 1985

Notes will carry an interest rate of 9 1/2%

per annum with a Coupon Amount of U.S. \$489.27 per U.S. \$100 Note and U.S. \$12,231.77 per U.S. \$250,000

note, payable on 15th October, 1985.

Listed on the Luxembourg Stock Exchange

By: Bankers Trust Company

Fiscal Agents